Financial Institution Fraud Policy Implementation Guide

Federal Bureau of Investigation
Financial Institution Fraud Unit
Criminal Investigative Division

0333PG

October 15, 2010

UNCLASSIFIED//FOUO
Financial Institution Fraud Policy Implementation Guide

GENERAL INFORMATION: Questions or comments pertaining to this policy guide can be directed to:

FBIHQ/Criminal Investigative Division, Division 6
Financial Crimes Section, Financial Institution Fraud Unit
Division Point of Contact: Unit Chief Eulondra Griffith

(NOTE: This document supersedes the MIOG, Part 1, Sections 29-1 through 29-7, Sections 49-1 through 49-11, and Sections 258-1 through 258-10)

LAW ENFORCEMENT SENSITIVE: This information is the property of the Federal Bureau of Investigation (FBI) and may be distributed to state, tribal, or local government law enforcement officials with a need to know. Further distribution without FBI authorization is prohibited. Precautions must be taken to ensure this information is stored and/or destroyed in a manner that precludes unauthorized access.
# Table of Contents

1. (U) Scope .............................................................................................. 1
2. (U) Roles and Functional Responsibilities .............................................................. 2
   2.1. (U) Financial Institution Fraud Unit ................................................................. 2
   2.2. (U) White Collar Crime (WCC) Squads, All Field Offices .............................. 3
   2.3. (U) Investigative Partners ................................................................................... 4
   2.4. (U) Legal Attaché (Legat) Offices ..................................................................... 4
   2.5. (U//LES) Criminal Undercover Operations Review Committee ..................... 5
3. (U) Policies .................................................................................................. 6
   3.1. (U) Financial Institution Fraud Unit Investigative Classifications ..................... 6
       3.1.1. (U//FOUO) 29 Subclassifications ............................................................ 6
       3.1.2. (U//FOUO) 49 Subclassifications .......................................................... 6
       3.1.3. (U//FOUO) 258 Subclassifications ......................................................... 7
       3.1.4. (U//FOUO) 329 Subclassifications ......................................................... 7
   3.2. (U) Common Financial Institution Fraud Schemes ............................................. 8
       3.2.1. (U) Misapplication and Embezzlement Schemes ....................................... 8
       3.2.2. (U) False Statement Schemes ..................................................................... 8
       3.2.3. (U) Check Fraud Schemes .......................................................................... 8
   3.3. (U) Common Bankruptcy Fraud Schemes .......................................................... 9
       3.3.1. (U) Concealment of Assets ......................................................................... 9
       3.3.2. (U) Trustee Fraud ..................................................................................... 9
       3.3.3. (U) Filing of Multiple Fraudulent Bankruptcy Petitions ......................... 9
   3.4. (U) Common Credit Card Fraud Schemes .......................................................... 9
       3.4.1. (U) Identity Theft ..................................................................................... 9
       3.4.2. (U) Counterfeiting Credit Cards ................................................................. 9
   3.5. (U) Common Mortgage Fraud Schemes ............................................................ 10
       3.5.1. (U) Mortgage Loan Origination Schemes ............................................... 10
       3.5.2. (U) Illegal Property Flipping Scheme ...................................................... 11
       3.5.3. (U) Real Estate Investment Scheme ....................................................... 11
       3.5.4. (U) Seller Assistance Scheme ................................................................... 11
3.5.5. (U) Builder Bail-Out Schemes ........................................................................ 11
3.5.6. (U) Equity Skimming Schemes ......................................................................... 12
3.5.7. (U) Home Equity Line of Credit (HELOC) Schemes .............................................. 12
3.5.8. (U) Home Equity Conversion Mortgage (HECM)/Reverse Mortgage Schemes .............................................. 13
3.5.9. (U) Foreclosure Rescue Schemes ......................................................................... 13
3.5.10. (U) Loan Modification Schemes ......................................................................... 14
3.5.11. (U) Short Sale Schemes ....................................................................................... 14
3.5.12. (U) Air Loan Schemes .......................................................................................... 14
3.5.13. (U) Commercial Real Estate Fraud ...................................................................... 14
4. (U) Procedures and Processes ...................................................................................... 15
4.1. (U/FOUO) Initiation, Notice, and Reporting Requirements for 29, 49, 258, and 329 Classifications ............................................................................................................ 15
4.1.1. (U) Assessments ..................................................................................................... 15
4.1.2. (U) Preliminary Investigations (PI) and Full Investigations (FI) ................................. 15
4.1.3. (U) Undercover Operations ...................................................................................... 16
4.2. (U) Potential Investigative Methods and Tools ............................................................ 16
4.3. (U) Crime Problem Indicator (CPI) Codes .................................................................. 16
4.4. (U) Mortgage Fraud Task Forces (MFTF) ................................................................. 17
4.5. (U) Mortgage Fraud Working Groups (MPWG) .......................................................... 18
4.6. (U/FOUO) Parallel Investigations and Sharing FD-302 Information ......................... 18
4.7. (U) Forensic Accountants (FoA) and Financial Analysts (FA) ..................................... 18
4.8. (U) Asset Forfeiture/Money Laundering (AF/ML) ...................................................... 18
4.9. (U) Claiming Disruptions and Dismantlements ....................................................... 19
4.10. (U) Best Practices and Guidance ............................................................................. 19
(U) Appendix A: Legal Authorities ............................................................................... 1
(U) Appendix B: Sources of Additional Information ....................................................... 1
(U) Appendix C: Contact Information ............................................................................ 1
(U) Appendix D: Key Words ........................................................................................... 1
Financial Institution Fraud Policy Implementation Guide

List of Figures
(U//FOUO) Figure 1. FIFU Regional Areas ................................................................. 3

List of Tables
(U//FOUO) Table 1. Crime Problem Indicator Codes ............................................. 16
UNCLASSIFIED//FOUO
Financial Institution Fraud Policy Implementation Guide

1. (U) Scope

(U//FOUO) Purpose: This policy implementation guide (PG) provides detailed information about the various programs managed by the Financial Institution Fraud Unit (FIFU); to ensure that operational guidelines for investigating FIFU programs are readily available to field offices (FO); and to ensure investigations comply with the Attorney General's Guidelines for Domestic FBI Operations (AGG-DoM) dated September 29, 2008, and the Federal Bureau of Investigation's (FBI) Domestic Investigations and Operations Guide (DIOG) dated December 16, 2008, or as revised.

(U//FOUO) Background: The mission of the FIFU is to oversee the investigation of financial industry fraud schemes perpetrated by individuals and criminal organizations that target our nation's financial institutions.

(U//FOUO) The FIFU protects the public interest by educating individuals and businesses about pervasive financial industry fraud schemes; working closely with federal, state, and local law enforcement agencies; and maintaining liaison contacts with regulatory partners. In addition, the FIFU will obtain relevant intelligence data to prepare proactive strategies to neutralize current and emerging financial threats.

(U//FOUO) The FIFU has program management oversight of the following investigative classifications:

- (U//FOUO) Financial Institution Fraud (29N-29R)
- (U//FOUO) Bankruptcy Fraud (49A-49G)
- (U//FOUO) Credit Card Fraud (258A-258B)
- (U//FOUO) Mortgage Fraud (329A-329F)

(U//FOUO) Intended Audience: All FBI employees, task force officers (TFO), and contract employees who are responsible for analyzing information, investigating crimes, and collecting evidence in matters involving violations of statutes and laws applicable to financial institution fraud (FIF), bankruptcy fraud, credit card fraud, and mortgage fraud matters.

(U) Link to Policy: Corporate Policy Directive 0333D.
2. (U) Roles and Functional Responsibilities

2.1. (U) Financial Institution Fraud Unit

(U//FOUO) As part of its responsibilities, the FIFU, Financial Crimes Section (FCS), Criminal Investigative Division (CID), FBI Headquarters (FBIHQ) shall:

- (U//FOUO) Protect the public interest by educating individuals and businesses about pervasive financial industry fraud schemes.
- (U//FOUO) Manage FIFU programs, ensuring coordinated efforts between FBIHQ and FOs.
- (U//FOUO) Establish innovative and conventional investigative methods for the investigation of financial institution fraud, bankruptcy fraud, credit card fraud and mortgage fraud matters.
- (U//FOUO) Set forth best practices for the investigation of large-scale financial crimes.
- (U//FOUO) Review FO requests for investigative actions (i.e., undercover operations [UCO] requests, joint operations, task forces, and working groups).
- (U//FOUO) Develop and foster relationships between FBIHQ, FOs, investigative partners, and industry professionals.
- (U//FOUO) Provide program-related training and guidance to FOs.
- (U//FOUO) Present FIFU-approved proposals for UCOs to the Criminal Undercover Operations Review Committee (CUORC) on behalf of requesting FOs.

(U//FOUO) The FIFU divides FOs into five geographic regions:

1. (U) Northeast.
2. (U) Southeast.
3. (U) North Central.
4. (U) South Central.
5. (U) West.

(U//FOUO) Each region is supervised by a FIFU supervisory special agent (SSA) who acts as the primary point of contact for all FOs located in the region. In addition, FIFU SSAs serve as regional program managers (RPM) for the FIFU. RPMs ensure continuous coverage of financial investigative services, which directly support the mission of the FBI.
Figure 1 below depicts the current FIFU regional areas.

2.2. (U) White Collar Crime (WCC) Squads, All Field Offices

(U/FOUO) As part of their roles and responsibilities, all WCC squads assigned investigative responsibilities over FIF, bankruptcy fraud, mortgage fraud, and credit card fraud shall:

- (U/FOUO) Initiate and conduct investigations related to potential FIF, bankruptcy fraud, credit card fraud, and mortgage fraud that meet the definitions and policies outlined in this PG, the AGG-DoM, and the DIOG.
- (U/FOUO) Maintain regular contact with the FIFU SSA responsible for FOs located in the FIFU SSA’s geographic region.
- (U/FOUO) Advise FIFU SSAs of significant pending investigative and prosecutive actions. Whenever possible, the FIFU must be notified before such actions take place, particularly if the event is expected to attract significant media attention.
- (U/FOUO) Request FIFU assistance and guidance whenever necessary.
UNCLASSIFIED//FOUO
Financial Institution Fraud Policy Implementation Guide

- (U//FOUO) Respond punctually to FIFU requests for information and directives.
- (U//FOUO) Adhere to the best practices, where applicable, as set forth by the FIFU. Best practices can be found on the
- (U//FOUO) Establish and participate in mortgage fraud task forces, financial crime working groups, and/or mortgage fraud working groups (MFWG) to develop and maintain productive working relationships with FIFU investigative partners and industry professionals.

2.3. (U) Investigative Partners

(U//FOUO) Interagency cooperation is often needed to successfully conduct FIF, bankruptcy fraud, credit card fraud, and mortgage fraud investigations. Proper information sharing, in accordance with all applicable laws and policies, must be used to ensure successful investigations. The FIFU and WCC squads will develop good working relationships with relevant outside agencies whenever possible. The following are examples of potential investigative partners with whom the FIFU and WCC squads will maintain cooperative relationships:

- (U) The Financial Crimes and Enforcement Network (FinCEN).
- (U) The Mortgage Bankers Association (MBA).
- (U) The Department of Justice, Fraud Section (DOJ, Fraud).
- (U) The United States Attorney's Office (USAO).
- (U) The Internal Revenue Service, Criminal Investigation (IRS-CI).
- (U) The United States Postal Inspection Service (USPIS).
- (U) The United States Secret Service (USSS).
- (U) The United States Trustee Office (USTO).
- (U) Other state, local, and federal law enforcement agencies.

2.4. (U) Legal Attaché (Legat) Offices

(U//FOUO) Many financial crimes cross international borders, resulting in a distinct need for coordinated efforts between the FBI and its foreign counterparts. Through Legats, the FBI is uniquely positioned to work with its international law enforcement partners. Legats and smaller sub-offices are FBI offices located in 75 key cities worldwide and provide coverage for more than 200 countries, territories, and islands. Each office is established through mutual agreement with the host country and is situated in the United States (U.S.) embassy or consulate in that nation. Legats are an essential part of facilitating the Mutual Legal Assistance Treaty (MLAT) requests often needed to obtain testimony, documents, or other evidence in FIF, credit card fraud, and mortgage fraud

4

UNCLASSIFIED//FOUO

2.5. (U//LES) Criminal Undercover Operations Review Committee
3. (U) Policies

(U//FOUO) This PG establishes various policies for the investigation of financial crimes. The policies listed below must be followed when carrying out FIFU-related investigations.

3.1. (U) Financial Institution Fraud Unit Investigative Classifications

(U//FOUO) Criminal, predicated investigations (full and preliminary) and assessments involving FIFU matters (i.e., FIF, bankruptcy fraud, credit card fraud and mortgage fraud) are opened under the 29, 49, 258, and 329 classifications, respectively.

(U//FOUO) Enterprise investigations (racketeering activity) may only be opened as full investigations under the 920 (Money Laundering) and 92R (Financial Institution Fraud) classifications. Enterprise investigations may not be opened as assessments or preliminary investigations.

3.1.1. (U//FOUO) 29 Subclassifications

(U//FOUO) In Fiscal Year (FY) 2007, the 29A-29M classifications were eliminated and replaced with the 29N-29R classifications in order to better direct resources assigned to FIF matters and provide more effective program management. The five alpha designators for FIF are defined in detail below:

1. (U//FOUO) 29N, FIF - Losses Contributing to a Failed Federally Insured Financial Institution.
2. (U//FOUO) 29O, FIF - Losses of $1 million or more to a Federally Insured Financial Institution.
3. (U//FOUO) 29P, FIF - Losses of $500,000 to $1 million to a Federally Insured Financial Institution.
4. (U//FOUO) 29Q, FIF - Losses of $150,000 to $500,000 to a Federally Insured Financial Institution.
5. (U//FOUO) 29R, FIF - Losses under $150,000 to a Federally Insured Financial Institution.

(U//FOUO) Some investigations opened under the 29N-29R subclassifications may involve schemes more appropriately classified as 318F, Sub-Prime Related Corporate Fraud. Investigations that fall into this category are to be managed by the Economic Crimes Unit (ECU).

3.1.2. (U//FOUO) 49 Subclassifications

(U//FOUO) The seven alpha designators for bankruptcy fraud (BF) are defined in detail below:

1. (U//FOUO) 49A, BF/Concealment of Assets - Fraud of $1 Million and over to the Bankruptcy Court.

5
2. (U/FOUO) 49B, BF/Concealment of Assets - Fraud of $999,999 or less to the Bankruptcy Court.
3. (U/FOUO) 49C, BF/False Discharge - Fraud of $1 Million and over to the Bankruptcy Court.
4. (U/FOUO) 49D, BF/False Discharge - Fraud of $999,999 or less to the Bankruptcy Court.
5. (U/FOUO) 49E, BF/Falsification of Bankruptcy Documents.
7. (U/FOUO) 49G, Other Crimes Facilitating Bankruptcy Fraud.

3.1.3. (U/FOUO) 258 Subclassifications
(U/FOUO) The two alpha designators managed by FIFU for credit/debit card fraud are defined in detail below:
1. (U/FOUO) 258A, Credit and/or Debit Card Fraud - Losses in Excess of $25,000.
2. (U/FOUO) 258B, Credit and/or Debit Card Fraud - Losses of $25,000 or less.
3. (U/FOUO) 258C, Credit and/or Debit Card Fraud - Substantial Internet Connection investigations are to be managed by the Cyber Division, Identity Theft Subprogram.

3.1.4. (U/FOUO) 329 Subclassifications
(U/FOUO) The six alpha designators managed by FIFU for mortgage fraud are defined in detail below:
1. (U/FOUO) 329A, Mortgage Fraud - Losses of $1 Million or more to a Federally Insured Financial Institution.
2. (U/FOUO) 329B, Mortgage Fraud - Losses under $1 Million to a Federally Insured Financial Institution.
3. (U/FOUO) 329C, Mortgage Fraud - Losses of $1 Million or more to a Government Agency or Sponsored Enterprise.
4. (U/FOUO) 329D, Mortgage Fraud - Losses under $1 Million to a Government Agency or Sponsored Enterprise.
5. (U/FOUO) 329E, Mortgage Fraud - Losses of $1 Million or more - Other.
(U/FOUO) The 329E classification may involve any of the listed fraud schemes described in Section 3.5 of this PG, where the losses are $1 million or more, but do not involve a federally insured financial institution, government agency, or sponsored enterprise.
6. (U/FOUO) 329F, Mortgage Fraud - Losses under $1 Million - Other.
(U/FOUO) The 329F classification may involve any of the listed fraud schemes described in Section 3.5 of this PG, where the losses are less than $1 million and
do not involve a federally insured financial institution, government agency, or sponsored enterprise.

3.2. *(U) Common Financial Institution Fraud Schemes*

3.2.1. *(U) Misapplication and Embezzlement Schemes*

*(U/FOUO)* Misapplication and embezzlement schemes involve individuals who are connected in any way to a financial institution and embezzle or willfully misapply monies, funds, or credits of that financial institution. These individuals include officers, directors, agents, and employees of financial institutions.

3.2.1.1. *(U) Bad Loans/Improper Lending*

*(U/FOUO)* A misapplication may occur by either granting an unsecured loan to a person who is not financially able to repay the loan, or by knowingly granting a loan on inadequate or valueless collateral.

3.2.1.2. *(U) Dummy Loans (Nominee Loans)*

*(U/FOUO)* Misapplications occur when financial institution insiders use their positions to secure nominee loans, either for themselves or other persons, and conceal their own interest in the loans from financial institutions.

3.2.2. *(U) False Statement Schemes*

*(U/FOUO)* False statement schemes involve knowingly making false statements or material omissions for the purpose of influencing (in any way) the action of the enumerated agencies and organizations. False statements also include willfully overvaluing or creating fictitious property or security that is used as collateral for the loan. Actual damage is not an essential element of the offense.

3.2.3. *(U) Check Fraud Schemes*

*(U/FOUO)* Check fraud schemes take many forms. Checks may be altered, counterfeited, forged, or drawn on closed accounts.

3.2.3.1. *(U) Altered Check Frauds*

*(U/FOUO)* Altered check frauds occur after a legitimate payor creates a valid check to pay a debt. The criminal takes the good check and alters the payee or the amount.

3.2.3.2. *(U) Counterfeit Checks*

*(U/FOUO)* Counterfeit checks can be valid checks presented based on fraudulent identification or forged signatures. Counterfeit checks can also be fraudulent checks created by the fraudster and drawn upon valid accounts.

3.2.3.3. *(U) Closed Account Frauds*

*(U/FOUO)* Closed account frauds are based upon checks being written against closed accounts. This fraud relies upon the "float time," which relates to the bank's delay between receiving the check and its eventual processing, involved in inter-financial institution transactions.
(U//FOUO) Mortgage fraud schemes can constitute bank fraud when the lender is a
financial institution. Open these schemes under the 329 classification.

3.3. (U) Common Bankruptcy Fraud Schemes

3.3.1. (U) Concealment of Assets

(U//FOUO) Concealment of assets is the most prevalent type of bankruptcy fraud
investigation. This fraud occurs when a debtor purposely fails to disclose assets on
bankruptcy schedules, thereby allowing the debtor to maintain the asset to the detriment
of the creditors.

(U//FOUO) When a business or individual files for bankruptcy protection, a bankruptcy
petition, with accompanying schedules, must be completed. Many times when a question
on this petition is intentionally not completed by the filer, this can constitute a false
statement and thus violates Title 18 United States Code (U.S.C.) Section (§) 152.

3.3.2. (U) Trustee Fraud

(U//FOUO) Trustee fraud is the most egregious type of bankruptcy fraud because it
involves a court-appointed official, and thereby involves a breach of public trust. While
trustee fraud is rare, when it does occur, it is aggressively addressed by law enforcement.
In trustee fraud schemes, the distribution of the monies derived from the sale of assets is
primarily where the fraud occurs.

3.3.3. (U) Filing of Multiple Fraudulent Bankruptcy Petitions

(U//FOUO) Individuals sometimes commit bankruptcy fraud through the filing of
multiple fraudulent bankruptcy petitions. This can be done by either using a false name
and/or Social Security number to file bankruptcy in the same or a different state, or by
filing for bankruptcy in different states utilizing true identifiers.

3.4. (U) Common Credit Card Fraud Schemes

3.4.1. (U) Identity Theft

(U//FOUO) Credit cards fall under the general definition of access devices, and the
schemes involving such devices are prosecuted under 18 U.S.C. § 1029. One common
credit card scheme involves obtaining and/or using credit cards through identity theft.
The credit card accounts can be opened through identity theft without the victim’s
knowledge. Fraudsters also commit credit card fraud by stealing personal information for
existing accounts. The fraudulent or stolen credit cards are then utilized by the fraudster
to obtain money, goods or services, or to transfer funds to accounts controlled by the
fraudster.

3.4.2. (U) Counterfeiting Credit Cards

(U//FOUO) Counterfeiting credit cards is another common scheme. In this scheme,
 fraudsters use specialized equipment to create counterfeit cards, which are then sold or
used by the fraudsters to obtain money, goods, and/or services.
3.5. (U) Common Mortgage Fraud Schemes

(U//FOUO) Mortgage fraud schemes involve some type of material misstatement, misrepresentation, or omission of information that is required by an underwriter or lender to fund, purchase, or insure a loan. These misrepresentations can be made to conceal or misstate such material facts as the true identity of the borrower, the borrower’s financial resources or qualifications, the intended use of the property or loan proceeds, and the value, condition, and ownership of the property offered as collateral. In general, two categories of mortgage fraud schemes are recognized based on the motive of the perpetrator: fraud for housing and fraud for profit. Fraud for housing usually entails a single loan wherein the borrower uses fraud to either purchase or maintain ownership of a home. Fraud for profit typically involves multiple loans with more elaborate schemes used by industry insiders to gain illicit proceeds. The most prevalent types of mortgage fraud schemes are defined below.

3.5.1. (U) Mortgage Loan Origination Schemes

(U//FOUO) Mortgage loan origination schemes generally involve the falsification of a borrower’s financial information, and are often accompanied by appraisals that fraudulently inflate the value of the property.

3.5.1.1. (U) Falsification of Financial Information

(U//FOUO) Mortgage fraud perpetrators falsify borrowers’ financial information to qualify them for mortgage loan amounts for which they would not otherwise be eligible. They specifically falsify a borrower’s income, assets, liabilities, employment, and occupancy status on loan documents. Additionally, perpetrators may falsify or create fictitious verification documents such as Verification of Employment (VOE) and Verification of Deposit (VOD) in support of the loan package; or employ the use of stolen identities.

3.5.1.2. (U) Asset Rental Scheme

(U//FOUO) Cash or other assets are temporarily placed in the borrower’s account or possession in order to assist the borrower in qualifying for a mortgage loan. The borrower usually pays a “rental” fee for the temporary “use” of the assets.

3.5.1.3. (U) Backwards Application Scheme

(U//FOUO) In a backwards application scheme, the mortgage fraud perpetrator fabricates the unqualified borrower’s income and assets to meet the loan’s minimum qualification requirements. Incomes are inflated or falsified; assets are created; credit reports are altered; and information pertaining to previous residences is altered to qualify the borrower for the loan.

3.5.1.4. (U) Credit Enhancement Scheme

(U//FOUO) In a credit enhancement scheme, a mortgage fraud perpetrator artificially boosts a borrower’s credit or creditworthiness to qualify for a loan. This scheme may vary and may include adding “seasoned” lines of credit to credit histories, which involves
using a creditworthy borrower's established accounts to improve the credit rating of an unrelated third party. The scheme may also include providing down payments to borrowers and temporarily transferring funds to borrower accounts. This scheme helps mortgage loan applicants meet the tightened lending requirements that have developed from the mortgage fraud crisis.

3.5.1.5. (U) Fraudulently Inflated Appraisals

(U/FOUO) Appraisal fraud can occur when an appraiser falsifies information on an appraisal or falsely provides an inaccurate valuation on the appraisal with the intent to mislead a third party.

3.5.2. (U) Illegal Property Flipping Scheme

(U/FOUO) Illegal property flipping occurs when a property is resold for a profit at an artificially inflated price shortly after being acquired by the seller. The key to this scheme is the fraudulent appraisal.

3.5.3. (U) Real Estate Investment Scheme

(U/FOUO) In a real estate investment scheme, a borrower/investor is persuaded to purchase investment properties or land at an inflated price with promises of quick appreciation, a return on the investment, and/or rental income from the property. The borrowers/investors are often falsely informed that they will not be responsible for any mortgage payments. Oftentimes, borrowers and investors are paid an amount at closing for their investment; however, they are usually unaware that the investment is part of a mortgage fraud scheme. Because borrowers and investors pay artificially inflated prices for these investment properties, they experience a personal financial loss when the true value is discovered.

3.5.4. (U) Seller Assistance Scheme

(U/FOUO) In a seller assistance scam, a perpetrator solicits an anxious seller or seller's realtor and offers to find a property buyer. The mortgage fraud perpetrator negotiates the amount that the property seller is willing to accept for the home. The perpetrator then hires an appraiser to inflate the property's value. The property is sold at the inflated rate to a buyer who is recruited by the perpetrator. The buyer takes out a mortgage for the inflated amount. The seller then receives the asking price for the home, and the perpetrator pockets a 'servicing fee,' which is the difference between the home's market value and the fraudulently inflated value. When the mortgage defaults, the lender forecloses on the house, but is unable to sell it for the amount owed as a result of the inflated value.

3.5.5. (U) Builder Bail-Out Schemes

(U/FOUO) Builders employ bailout schemes to offset losses and circumvent excessive debt and potential bankruptcy as home sales suffer from escalating foreclosures, rising inventory, and declining demand.
3.5.5.1. (U) Builder Bail-Out/Condominium (Condo) Conversion Schemes

(U//FOUO) In order to entice individuals into purchasing surplus inventory, builders offer excessive incentives to buyers, which include cash back at closing; prepayment of homeowner association dues and other fees; and significant upgrades, all of which are undisclosed to the lender. The perpetrators artificially inflate the value of the condo to offset the cost of these incentives.

3.5.5.2. (U) Builder Bail-Out/Condo Pump and Pay

(U//FOUO) Builders work with co-conspirators to inflate the appraised values of their properties. This false equity is distributed to the perpetrators and disguised as reserves for future maintenance, insurances, and tax payments on the property.

3.5.6. (U) Equity Skimming Schemes

(U/IFOUO) Equity skimming schemes occur when mortgage fraud perpetrators drain all of the equity out of a property. For example, perpetrators charge inflated fees to “help” homeowners profit by refinancing their homes multiple times, thereby skimming the equity from these properties. A perpetrator will also help a homeowner establish a home equity line on a property and then encourage the homeowner to access these funds for investment in various scams.

3.5.7. (U) Home Equity Line of Credit (HELOC) Schemes

(U/FOUO) A HELOC is a credit line offered by lenders that allows homeowners to access the equity in their homes. HELOCs differ from standard home equity loans in that the homeowner may borrow against the line of credit over a period of time using a checkbook or credit card. HELOCs are aggressively marketed by lenders as easy, fast, and inexpensive means to obtain funds. These funds are normally withdrawn on an as-needed basis, but fraud perpetrators withdraw the entire amount within a short period of time. Two of the more common HELOC schemes are the check fraud bust-out scheme and the double-funded loan/multiple loan scheme.

3.5.7.1. (U) HELOC Bust-Out Scheme

(U//FOUO) In a check fraud bust-out scheme, a mortgage fraud perpetrator secures a line of credit and withdraws the entire allotted amount. A fraudulent check is then used to pay the balance owed on the line of credit. The perpetrator quickly withdraws the amount available from the line of credit before the bank realizes the check is worthless. When the check is returned for insufficient funds, the line of credit surpasses its maximum limit and the lender experiences a loss.

3.5.7.2. (U) HELOC/Double-Funded Loan/Multiple Loan Scheme

(U//FOUO) Double-funded or multiple loan schemes occur when loan originators require borrowers to sign multiple copies of the same loan documents, which are then submitted to several lending institutions. The loan originator often alters or forges the closing documents. Perpetrators or criminal groups apply for multiple HELOCs to different lending institutions for a single property within a short time period. Prior to providing the funding, lenders conduct searches to determine if the property is encumbered by a lien.
However, because liens on a property may not be recorded for several days or months, they cannot be immediately verified. The single loan package is accepted and funded by multiple lenders and the loan originator absconds with excess proceeds. Consequently, lenders do not discover that they hold a third, fourth, or fifth lien on a property (rather than the expected second lien) until later. The money obtained from the multiple HELOCs totals more than the original property purchase price, exceeding the out-of-pocket expenses incurred to secure the property.

3.5.8. (U) Home Equity Conversion Mortgage (HECM)/Reverse Mortgage Schemes

(U/FOUO) A HECM is a reverse mortgage loan product insured by the Federal Housing Administration (FHA). While other reverse mortgage loan products exist, the HECM is the most well-known and widely available. It enables eligible homeowners to access the equity in their homes by providing funds (in many instances in a lump sum payment) without incurring a monthly payment burden during their lifetime in the home.

(U/FOUO) Perpetrators recruit seniors through local churches, investment seminars, television, radio, billboards, and mailer advertisements in order to commit such frauds as equity theft, foreclosure rescue, and investment schemes. Equity theft schemes are the most common method used by mortgage fraud perpetrators to exploit HECMs. Perpetrators often aid the help of straw buyers, execute schemes designed to withdraw false equity from properties. They typically identify foreclosed, distressed, or abandoned properties using information contained within county deed records. Perpetrators purchase the properties using straw buyers who commit occupancy fraud by fraudulently stating they will be using them as their primary residences. They recruit seniors to "purchase" the properties from the straw buyers. This is generally accomplished by the perpetrator transferring the deed to the property to a senior with no exchange of money. After the senior has lived in the home for at least 60 days, the perpetrator arranges for the senior to request a lump sum disbursement of the equity. Perpetrators, often in collusion with settlement attorneys, abscond with all of the equity at closing.

3.5.9. (U) Foreclosure Rescue Schemes

(U/FOUO) In a foreclosure rescue scheme, perpetrators convince homeowners that they can save their homes from foreclosure through deed transfers and the payment of up-front fees. This "foreclosure rescue" often involves a manipulated deed process that results in the preparation of forged deeds. In extreme instances, perpetrators may sell a home or obtain a second loan without the homeowner's knowledge, stripping the property's equity for personal enrichment. For example, the perpetrator transfers the property to his name via quitclaim deed and promises to make mortgage payments while allowing the former homeowner to pay rent and remain in the home. The perpetrator profits from the scheme by re-mortgaging the property or pocketing fees paid by desperate homeowners. Often, the original mortgage is not paid off by the perpetrator and foreclosure is only delayed. Foreclosure schemes are often used in combination with other fraudulent schemes such as equity skimming, short sales, and property flipping.

UNCLASSIFIED//FOUO
3.5.10. (U) Loan Modification Schemes

(U/FOUO) Loan modification schemes, which target distressed homeowners facing foreclosure, are a type of foreclosure rescue scheme in which advanced fees are paid by homeowners. Perpetrators soliciting homeowner with mail flyers offering to help them stop the foreclosure process are still on their homes. Homeowners are falsely promised that their mortgages will be renegotiated, their monthly payments will be reduced, and delinquent loan amounts will be renegotiated to the principle. Perpetrators require an up-front fee from homeowners ranging from $1,500 to $5,000 to participate in the loan modification program. Often, after collecting these fees, these companies do little or nothing to help the homeowners.

3.5.11. (U) Short Sale Schemes

(U/FOUO) A short sale scheme occur when a borrower owes more than the current value of the property, feigns financial hardship, discontinues mortgage payments, and finds an accomplice to submit a low purchase offer in a short sale transaction. The lender agrees to the short sale, thereby agreeing to accept less than what is owed and is unaware that the short sale offer was rendered on behalf of the original borrower. Short sale schemes are desirable to mortgage fraud perpetrators because they do not have to competitively bid on the properties they purchase, as is required for foreclosure sales. Perpetrators also use short sales to recycle properties for future mortgage fraud schemes. Short-sale fraud schemes are difficult to detect since the lender agrees to the transaction, and the incident is not reported to internal bank investigators or the authorities.

3.5.12. (U) Air Loan Schemes

(U/FOUO) An air loan is a non-existent property loan where there is usually no collateral. Air loans are typically created by mortgage bankers or other lenders to generate cash. An example of an air loan would be when a broker invents borrowers and properties, establishes accounts for payments, and maintains custodial accounts for escrows. They may set up a bank of telephones, one used as the employer, one as the appraiser, one as the credit agency, and so on for verification purposes.

3.5.13. (U) Commercial Real Estate Fraud

Commercial real estate (CRE) is defined as any type of real estate other than single family residences. It includes office buildings, shopping centers, hotels, malls, warehouses, and apartment complexes. CRE is classified as retail, office, industrial, or multi-family (apartments). The same fraud schemes that currently exist with residential real estate fraud, such as the making of false statements and the utilization of forged documents, exist with CRE. The primary means of CRE fraud is expected to come from appraisals. Appraisers can utilize three approaches for CRE valuations: (1) cost approach, (2) sales comparison approach, and (3) income approach. These approaches present a number of areas in which numbers can be manipulated and values inflated in CRE appraisals.
4. (U) Procedures and Processes

4.1. (U/FOUO) Initiation, Notice, and Reporting Requirements for 29, 49, 258, and 329 Classifications

(U/FOUO) The FIFU has various procedural requirements that FBI personnel must follow when investigating possible FIF, bankruptcy fraud, credit card fraud and mortgage fraud crimes. Reporting requirements for the 29, 49, 258, and 329 subclassifications are found in the DIOG, and are specifically outlined below.

4.1.1. (U) Assessments

(U/FOUO) FOs may initiate an assessment as specified in the DIOG. There is no notice or reporting requirement for the initiation and closing of an assessment. An assessment involving a sensitive investigative matter (SIM) requires additional review and approval. (For more information on assessments and SIMs, see the appropriate sections of the DIOG.)

4.1.2. (U) Enterprise Investigations

(U/FOUO) FOs may only initiate enterprise investigations as specified in the DIOG and particular sections of the DIOG and EI-RA PG Sections 2.1 and 4.6. An enterprise investigation involving a SIM requires additional review and approval. (For more information on enterprise investigations and SIMs, see the appropriate sections of the DIOG.)

(U/FOUO) Additional information on opening enterprise investigations can be found in the DIOG on the FBI Intranet.

(U/FOUO) The FIF SSA will advise the FIFU of significant developments and all prosecutive actions, to include the execution of search and arrest warrants; the filing of...
Financial Institution Fraud Policy Implementation Guide

complaints, informations, and indictments; convictions; sentencings; and the beginning and conclusion of trials. The FIFU is to be notified of these actions prior to their occurrence, when possible, via telephone or e-mail. The FIFU is also to be notified of any press releases and press conferences prior to their occurrence. Press releases must be sent to the appropriate FIFU SSA by e-mail or facsimile (fax) at (202) 324-9147.

4.1.3. (U) Undercover Operations

(U/LES) Additional information on UCOs can be found in the FBI Intranet.

4.2. (U) Potential Investigative Methods and Tools

(U/FOUO) The following subsections (4.3 through 4.10 below) outline various investigative methods and tools that may be of use when investigating allegations of potential FIF, bankruptcy fraud, credit card fraud, and mortgage fraud crimes (see “Investigative Methods” in the DIOG).

4.3. (U) Crime Problem Indicator (CPI) Codes

(U/FOUO) FBI employees will enter CPI codes when opening or updating assessments and predicated investigations under the 29, 49, 258, and/or 329 classifications, wherever appropriate. CPI codes must be entered into the Automated Case Support (ACS) system upon the opening a new case, and they must be updated as new intelligence regarding crime schemes is developed. CPI codes allow the FBI to capture additional information about a given crime, beyond what is included in the classification number. The use of CPI codes will help both FOs and FBIHQ with assessing the significance and scope of crime problems. The CPI codes most relevant to FIFU investigations are shown in the table below.

Table 1. (U/FOUO) Crime Problem Indicator Codes

<table>
<thead>
<tr>
<th>CPI</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFA</td>
<td>Bankruptcy Fraud Activity</td>
</tr>
<tr>
<td>CBA</td>
<td>Cyber Banking Activity</td>
</tr>
<tr>
<td>CCFA</td>
<td>Credit Card Fraud Activity</td>
</tr>
<tr>
<td>CFA</td>
<td>Check Fraud Activity</td>
</tr>
<tr>
<td>FIF</td>
<td>Financial Institution Fraud Activity</td>
</tr>
</tbody>
</table>
### UNCLASSIFIED//FOUO  
Financial Institution Fraud Policy Implementation Guide

<table>
<thead>
<tr>
<th>MFA-AIR</th>
<th>Mortgage Fraud Activity - Air Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA-ASSIST</td>
<td>Mortgage Fraud Activity - Seller Assistance</td>
</tr>
<tr>
<td>MFA-BB</td>
<td>Mortgage Fraud Activity - Builder Bailout</td>
</tr>
<tr>
<td>MFA-BBCONDO</td>
<td>Mortgage Fraud Activity - Builder Bailout/Condo</td>
</tr>
<tr>
<td>MFA-BBPUMP</td>
<td>Mortgage Fraud Activity - Builder Bailout/Pump and Pay</td>
</tr>
<tr>
<td>MFA-COMREAL</td>
<td>Commercial Real Estate Fraud</td>
</tr>
<tr>
<td>MFA-CREDIT</td>
<td>Mortgage Fraud Activity - Credit Enhancements</td>
</tr>
<tr>
<td>MFA-EQUITY</td>
<td>Mortgage Fraud Activity - Equity Skimming</td>
</tr>
<tr>
<td>MFA-FLIP</td>
<td>Mortgage Fraud Activity - Property Flip</td>
</tr>
<tr>
<td>MFA-HELOC</td>
<td>Mortgage Fraud Activity - Home Equity Line of Credit</td>
</tr>
<tr>
<td>MFA-INFLAT</td>
<td>Mortgage Fraud Activity - Inflated Appraisal</td>
</tr>
<tr>
<td>MFA-INVEST</td>
<td>Mortgage Fraud Activity - Investment Club</td>
</tr>
<tr>
<td>MFA-MOD</td>
<td>Mortgage Fraud Activity - Loan Modification</td>
</tr>
<tr>
<td>MFA-ORIG</td>
<td>Mortgage Fraud Activity - Loan Origination</td>
</tr>
<tr>
<td>MFA-RESERVE</td>
<td>Mortgage Fraud Activity - Foreclosure Rescue</td>
</tr>
<tr>
<td>MFA-REV</td>
<td>Mortgage Fraud Activity - Reverse Mortgage</td>
</tr>
<tr>
<td>MFA-SHORT</td>
<td>Mortgage Fraud Activity - Illegal Short Sale</td>
</tr>
<tr>
<td>MFA-OTHER</td>
<td>Mortgage Fraud Activity - Other</td>
</tr>
</tbody>
</table>

#### 4.4. (U) Mortgage Fraud Task Forces (MFTF)

(U/FOUO) The FBI has established mortgage fraud task forces across the country. With representatives from federal, state, and local law enforcement agencies, these task forces are strategically placed in cities identified as high threat areas for mortgage fraud. This multi-agency model serves as a force multiplier, providing an array of resources to adequately identify the sources of fraud; allows agencies to share investigative expertise;

17

UNCLASSIFIED//FOUO
and provides training opportunities, resulting in the FBI's enhanced ability to bring forth effective prosecutions, particularly in active markets where mortgage fraud is widespread. The CID receives forfeiture funds from the DOJ-Asset Forfeiture Fund to provide financial support to supplement the cost of the task forces. FOs that are not currently part of an MFTF should pursue an MFTF when appropriate. An MFTF requires that a Memorandum of Understanding (MOU) be signed between the FBI and the agencies participating in the task force. FOs must contact their designated regional SSAs when initiating new task forces.

4.5. (U) Mortgage Fraud Working Groups (MFWG)

(U//FNS) MFWGs are designed to promote and enhance communication between the FBI, regulatory enforcement agencies, and other law enforcement bodies at both the local and national levels. The FBI participates in national and local bank fraud and mortgage fraud working groups throughout the country. MFWGs provide a forum for law enforcement and the private sector to share information about financial crimes, emerging trends, threats, best practices, and training for individuals working mortgage fraud matters. FOs that are not currently part of an MFWG or similar working group are strongly encouraged to formulate an MFWG to enhance communication with relevant organizations. FOs must contact their designated regional SSAs if they are initiating new working groups.

4.6. (U//FNS) Parallel Investigations and Sharing FD-302 Information

(U//FNS) Many FIF, credit card fraud, and mortgage fraud matters are investigated by both criminal and civil enforcement agencies. In cases that involve "parallel" investigations, both the criminal and civil agencies must carry out their individual investigations according to their own policies and procedures.

(U//FNS) For further information, a guidance IC regarding parallel investigations and sharing FD-302s with civil enforcement agencies can be found on the... 18

4.7. (U) Forensic Accountants (FoA) and Financial Analysts (FA)

(U//FNS) FBI FoAs and FAs review and analyze financial and other business records received in support of ongoing investigations across all program lines. FoAs and FAs are assigned to the Counterterrorism, Criminal Investigative, and Counterintelligence Programs, and are a valuable resource when investigating FIF and mortgage fraud matters.

4.8. (U) Asset Forfeiture/Money Laundering (AF/ML)

(U//FNS) Tracking financial records and properly using asset forfeiture statutes assists the FBI in effectively and efficiently disrupting and dismantling criminal organizations. FBI personnel must be conscious of AF/ML connections to FIF and mortgage fraud matters as they carry out their investigations. One tool that may aid investigators with AF/ML matters is the Forfeiture Support Project (FSP), which provides data entry,
UNCLASSIFIED//FOUO
Financial Institution Fraud Policy Implementation Guide

financial analysis, and asset identification services in support of major investigations. Additionally, contract forfeiture investigators (CFI) may be used in support of asset forfeiture in FIF and mortgage fraud investigations. Contact the FIFU at FBIHQ for specific information on the FSP, CFI, or other AF/ML matters, or read the *Money Laundering Policy Implementation Guide* (forthcoming) for more information.

4.10. (U) Best Practices and Guidance
(U/FOUO) The FIFU periodically issues ECs that provide guidance for FOs. The purpose of these ECs is to assist FOs in determining the most appropriate actions to be taken during the investigation of financial institution fraud, bankruptcy fraud, credit card fraud, and mortgage fraud matters. FOs will follow the best practices outlined in all ECs issued by FIFU to ensure that the most efficient investigative methods are being
Financial Institution Fraud Policy Implementation Guide

Previously issued guidance ECs are available for review on the

UNCLASSIFIED//FOUO
(U) Appendix A: Legal Authorities

Statutes Typically Used for Investigating Financial Institution Fraud

<table>
<thead>
<tr>
<th>Statute</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 U.S.C. § 287</td>
<td>False, fictitious or fraudulent claims</td>
</tr>
<tr>
<td>18 U.S.C. § 371</td>
<td>Conspiracy to commit offense or to defraud United States</td>
</tr>
<tr>
<td>18 U.S.C. § 656</td>
<td>Theft, embezzlement, or misapplication by bank officer or employee</td>
</tr>
<tr>
<td>18 U.S.C. § 657</td>
<td>Lending, credit and insurance institutions</td>
</tr>
<tr>
<td>18 U.S.C. § 1001</td>
<td>Statements or entries generally</td>
</tr>
<tr>
<td>18 U.S.C. § 1005</td>
<td>Bank entries, reports, and transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1006</td>
<td>Federal credit institution entries, reports and transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1007</td>
<td>Federal Deposit Insurance Corporation (FDIC) transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1014</td>
<td>Loan and credit applications generally; renewals and discounts; crop insurance</td>
</tr>
<tr>
<td>18 U.S.C. § 1028</td>
<td>Fraud and related activity in connection with identification documents, authentication features, and information</td>
</tr>
<tr>
<td>18 U.S.C. § 1341</td>
<td>Frauds and swindles</td>
</tr>
<tr>
<td>18 U.S.C. § 1343</td>
<td>Fraud by wire, radio, or television</td>
</tr>
<tr>
<td>18 U.S.C. § 1344</td>
<td>Bank fraud</td>
</tr>
<tr>
<td>18 U.S.C. § 1956</td>
<td>Laundering of monetary instruments</td>
</tr>
<tr>
<td>18 U.S.C. § 1957</td>
<td>Engaging in monetary transactions in property derived from specified unlawful activity</td>
</tr>
</tbody>
</table>

Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
Financial Institution Fraud Policy Implementation Guide

Statutes Typically Used for Investigating Bankruptcy Fraud

<table>
<thead>
<tr>
<th>Statute</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 U.S.C. § 2</td>
<td>Principals (aiding and abetting)</td>
</tr>
<tr>
<td>18 U.S.C. § 152</td>
<td>Concealment of assets; false oaths and claims; bribery</td>
</tr>
<tr>
<td>18 U.S.C. § 371</td>
<td>Conspiracy to commit offense or to defraud United States</td>
</tr>
<tr>
<td>18 U.S.C. § 505</td>
<td>Seals of courts; signatures of judges or court officers</td>
</tr>
<tr>
<td>18 U.S.C. § 644</td>
<td>Banker receiving unauthorized deposit of public money</td>
</tr>
<tr>
<td>18 U.S.C. § 645</td>
<td>Court officers generally</td>
</tr>
<tr>
<td>18 U.S.C. § 660</td>
<td>Carrier's funds derived from commerce; state prosecutions</td>
</tr>
<tr>
<td>18 U.S.C. § 844</td>
<td>Penalties</td>
</tr>
<tr>
<td>18 U.S.C. § 1001</td>
<td>Statements or entries generally</td>
</tr>
<tr>
<td>18 U.S.C. § 1014</td>
<td>Loan and credit applications generally; renewals and discounts; crop insurance</td>
</tr>
<tr>
<td>18 U.S.C. § 1016</td>
<td>Acknowledgement of appearance or oath</td>
</tr>
<tr>
<td>18 U.S.C. § 1341</td>
<td>Frauds and swindles</td>
</tr>
<tr>
<td>18 U.S.C. § 1343</td>
<td>Fraud by wire, radio, or television</td>
</tr>
<tr>
<td>18 U.S.C. § 1344</td>
<td>Bank fraud</td>
</tr>
<tr>
<td>18 U.S.C. § 1349</td>
<td>Attempt and conspiracy</td>
</tr>
<tr>
<td>18 U.S.C. § 1505</td>
<td>Obstruction of proceeding before departments, agencies and committees</td>
</tr>
<tr>
<td>18 U.S.C. § 1623</td>
<td>False declarations before a grand jury or court</td>
</tr>
<tr>
<td>18 U.S.C. § 1956</td>
<td>Laundering of monetary instruments</td>
</tr>
</tbody>
</table>
## Statutes Typically Used for Investigating Credit Card Fraud

<table>
<thead>
<tr>
<th>Statute</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 U.S.C. § 1029</td>
<td>Fraud and related activity in connection with access devices</td>
</tr>
<tr>
<td>18 U.S.C. § 1343</td>
<td>Fraud by wire, radio, or television</td>
</tr>
<tr>
<td>18 U.S.C. § 1344</td>
<td>Bank fraud</td>
</tr>
</tbody>
</table>

## Statutes Typically Used for Investigating Mortgage Fraud

<table>
<thead>
<tr>
<th>Statute</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 U.S.C. § 201</td>
<td>Bribery of public officials and witnesses</td>
</tr>
<tr>
<td>18 U.S.C. § 215</td>
<td>Receipt of commissions or gifts for procuring loans</td>
</tr>
<tr>
<td>18 U.S.C. § 225</td>
<td>Continuing financial crimes enterprise</td>
</tr>
<tr>
<td>18 U.S.C. § 286</td>
<td>Conspiracy to defraud the government with respect to claims</td>
</tr>
</tbody>
</table>

### Statute Violation

<table>
<thead>
<tr>
<th>Statute</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 U.S.C. § 287</td>
<td>False, fictitious or fraudulent claims</td>
</tr>
<tr>
<td>18 U.S.C. § 371</td>
<td>Conspiracy to commit offense or to defraud United States</td>
</tr>
<tr>
<td>18 U.S.C. § 656</td>
<td>Theft, embezzlement, or misapplication by bank officer or employee</td>
</tr>
<tr>
<td>18 U.S.C. § 657</td>
<td>Lending, credit, and insurance institutions</td>
</tr>
<tr>
<td>18 U.S.C. § 1001</td>
<td>Statements or entries generally</td>
</tr>
<tr>
<td>18 U.S.C. § 1005</td>
<td>Bank entries, reports, and transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1006</td>
<td>Federal credit institution entries, reports, and transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1007</td>
<td>Federal Deposit Insurance Corporation transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1010</td>
<td>Department of Housing and Development and Federal Housing Administration transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1012</td>
<td>Department of Housing and Development transactions</td>
</tr>
<tr>
<td>18 U.S.C. § 1014</td>
<td>Loan and credit applications generally; renewals and discounts; crop insurance</td>
</tr>
<tr>
<td>18 U.S.C. § 1028</td>
<td>Fraud and related activity in connection with identification documents, authentication features, and information</td>
</tr>
<tr>
<td>18 U.S.C. § 1341</td>
<td>Frauds and swindles</td>
</tr>
<tr>
<td>18 U.S.C. § 1343</td>
<td>Fraud by wire, radio, or television</td>
</tr>
<tr>
<td>18 U.S.C. § 1344</td>
<td>Bank fraud</td>
</tr>
<tr>
<td>Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix B: Sources of Additional Information

The following are public source Websites that may contain useful information during financial fraud investigations:

- **www.dos.state._.us** - corporate listings by each state. (Example for the state of Florida: www.dos.state.fl.us.)
- **www.sec.gov/edgar/searchedgar/webusers.htm** - Securities and Exchange Commission’s (SEC) annual reports, prospectuses, and other paperwork required for publicly held companies.
- **www.mortgagefraudblog.com** - provides mortgage fraud news.
- **www.mortgagefraud.org** - provides mortgage fraud news.
- **www.banking.state.ny.us** - example of all licensed brokers and lenders in the state of New York.
- **www.fanniemae.com** - Fannie Mae.
- **www.freddiemac.com** - Freddie Mac.
- **www.adfinet.com** - access to mortgage guides, tools, and information throughout the world via the Internet.
- **www.realtor.com** - current listings of available homes with comparative homes for neighborhood listings.
- **www.asc.gov** - Appraisal Subcommittee of the Federal Financial Institutions Examination Council. Provides appraisers' information, licensing, violations, probations, addresses, etc.
- **www.justice.gov/ust** - United States Trustee Program.
- **www.google.com/maps** - maps, including satellite and street views.
- **realestate.yahoo.com** - Yahoo real estate and mortgage services. (Free with required registration.)
- **www.anywho.com** - Yellow and white pages.
UNCLASSIFIED//FOUO
Financial Institution Fraud Policy Implementation Guide

- [www.freerisa.com](http://www.freerisa.com) - welfare and retirement information on Form 5500. (Free with required registration.)
- [www.domania.com](http://www.domania.com) - service that checks home price and values. (Free with required registration.)
- For additional information, view the

B-2
UNCLASSIFIED//FOUO
## (U) Appendix C: Contact Information

<table>
<thead>
<tr>
<th>Financial Institution Fraud Policy Implementation Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criminal Investigative Division, Front Office</strong></td>
</tr>
<tr>
<td>Assistant Director Kevin L. Perkins</td>
</tr>
<tr>
<td>Deputy Assistant Director Karen E. Spangenberg</td>
</tr>
<tr>
<td><strong>Financial Crimes Section Office</strong></td>
</tr>
<tr>
<td>Section Chief Sharon E. Ormsby</td>
</tr>
<tr>
<td>Assistant Section Chief</td>
</tr>
<tr>
<td><strong>Financial Institution Fraud Unit</strong></td>
</tr>
<tr>
<td>Unit Chief Eulondra Griffith</td>
</tr>
<tr>
<td><strong>Financial Institution Fraud Unit Address:</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
(U) Appendix D: Key Words

Abstract (of title): a summary of the public records relating to the title to a particular piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects that must be cleared before a buyer can purchase clear, marketable, and insurable title.

Access device: any card, plate, code, account number, electronic serial number, mobile identification number, personal identification number, telecommunications service, equipment, instrument identifier, or other means of account access that can be used alone or in conjunction with another access device to obtain money, goods, services, or any other thing of value, or that can be used to initiate the transfer of funds.

Acceleration clause: a provision in the mortgage or loan agreement that allows a lender to demand payment of the total outstanding balance or demand additional collateral under certain circumstances, such as failure to make payments, bankruptcy, non-payment of taxes on mortgaged property, or the breaking of loan covenants.

Agreement of sale: known by various names, such as contract of purchase, purchase agreement, or sales agreement, according to location or jurisdiction. A contract in which a seller agrees to sell, and a buyer agrees to buy, under certain specific terms and conditions spelled out in writing and signed by both parties.

Amortization: the reduction or gradual repayment of a liability through regular payments over a specified period of time.

Appraisal: an expert judgment or estimate of the quality or value of real estate as of a given date.

Appraiser: an independent individual qualified by education, training, and experience to estimate the value of real estate.

Assumption of mortgage: a transaction in which the buyer of real property takes over the seller’s existing mortgage. The seller remains liable under the terms of the original loan documents unless released by the lender. A formal assumption is done with the knowledge and consent of the lender.

Binder or offer to purchase: a preliminary agreement, secured by the payment of earnest money, between a buyer and seller as an offer to purchase real estate. A binder secures the right to purchase real estate upon agreed terms for a limited period of time. If the buyer changes his or her mind or is unable to complete the purchase, the earnest money is forfeited unless the binder expressly provides that it is to be refunded.

Borrower: the person or entity (whether an individual, builder, or developer) who receives a loan from a lender.

Certificate of title: a certificate issued by a title company or a written opinion rendered by an attorney that the seller has good, marketable, and insurable title to the property which the seller is offering for sale. A certificate of title offers no protection against any hidden defects in the title that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages resulting from negligence. The protection...
offered a homeowner under a certificate of title is not as great as that offered in a title insurance policy.

Close/Closing: the process of signing mortgage documents, disbursing funds, and, if applicable, transferring ownership in property.

Closing agent: the person or entity that coordinates the various closing activities, including the preparation and recordation of closing documents and the disbursement of funds.

Closing day: the date on which the sale of the property is to be finalized and a loan transaction completed.

Closing costs: money paid by a buyer and/or seller to affect the closing of a mortgage loan, including loan origination fees, title examination and insurance, survey, attorney's fees, and prepaid items such as escrow deposits for taxes and insurance.

Cloud (on title): an outstanding claim or encumbrance that adversely affects the marketability of title. A cloud on title is synonymous with a title defect.

Collateral: property pledged as security for a debt (e.g., mortgaged real estate).

Commission: a fee charged for services performed by a real estate agent or broker, usually based on a percentage of the price of the real estate being sold.

Condominium: individual ownership of a dwelling unit and an individual interest in the common areas and facilities that serve the multi-unit project.

Counterfeit access device: any access device that is counterfeit, fictitious, altered, forged, or is an identifiable component of an access device or a counterfeit access device.

Conventional mortgage: a mortgage loan not insured by the U.S. Department of Housing and Urban Development (HUD) or guaranteed by the Veterans Administration (VA). A conventional mortgage is subject to conditions established by the lending institution and state statutes. The interest rate does not change during the entire term of the loan in a conventional mortgage.

Cooperative housing: an apartment building or a group of dwellings owned by a corporation, the stockholders of which are the residents of the dwellings. It is operated for their benefit by their elected board of directors. In a cooperative, the corporation or association owns title to the real estate. Residents purchase stock in the corporation, which entitles them to occupy units in the building or property owned by the cooperative. While residents do not own their own units, they have an absolute right to occupy them for as long as they own the stock.

Credit card system member: a financial institution or other entity that is a member of a credit card system.

Crime Problem Indicator code: an additional designator for FBI investigations, beyond classification codes, used to monitor crime trends and resource allocations.

Criminal organization: a group of individuals with an identified hierarchy engaged in significant criminal activity.
Debt-to-income ratio: the percentage of a consumer's monthly gross income that goes towards paying debts.

Deed of trust: like a mortgage, a security instrument whereby real property is given as security for a debt. In a deed of trust there are three parties to the instrument: (1) the borrower, (2) the trustee, and (3) the lender (or beneficiary). In such a transaction, the borrower transfers the legal title for the property to the trustee, who holds the property in trust as security for the payment of the debt to the lender or beneficiary. If the borrower pays the debt as agreed, the deed of trust becomes void. If, however, the borrower defaults in the payment of the debt, the trustee may sell the property at a public sale, under the terms of the deed of trust. In most jurisdictions where the deed of trust is in force, the borrower is subject to having the property sold without benefit of legal proceedings. In recent years, a few states have begun to treat the deed of trust like a mortgage.

Deed: a formal written instrument by which title to real property is transferred from one owner to another. There are two parties to a deed: the grantor and the grantee. (See also deed of trust, general warranty deed, quitclaim deed, and special warranty deed.)

Default: failure to make mortgage payments as agreed to in a commitment based on the terms and at the designated time set forth in the mortgage or deed of trust. Generally, if payment is not received by 30 days after the due date, the mortgage is in default. In the event of default, the mortgage agreement or deed of trust may give the lender the right to accelerate payments, receive rents, and start foreclosure. Defaults may also result from the failure to observe other conditions in the mortgage or deed of trust.

Depreciation: a decrease or loss in value of a property as a result of wear and tear or adverse changes in neighborhood or market conditions.

Device-making equipment: any equipment, mechanism, or impression designed or primarily used for making an access device or a counterfeit access device.

Dismantlement: occurs when a criminal organization is incapacitated by law enforcement actions, rendering the organization completely unable to operate as a coordinated criminal enterprise in the future. A statistical accomplishment can be recorded by FBI special agents (SA) when a dismantlement occurs.

Disruption: occurs when a criminal organization's usual operations are significantly impacted by law enforcement actions, rendering the organization temporarily unable to conduct criminal operations for a significant period of time. A statistical accomplishment can be recorded by FBI SAs when a disruption occurs.

Documentary stamps: a state tax, in the form of stamps, required on deeds and mortgages when a real estate title passes from one owner to another. The amount of stamps required varies with each state.

Down payment: a portion of the price of a home, usually paid up-front and in cash.

Early default: the nonpayment of a mortgage (which usually occurs within the first twelve months of the mortgage) in accordance with the terms specified in the note.
Earnest money: the deposit money given to the seller or the seller's agent by the potential buyer upon the signing of the agreement of sale. Earnest money shows that the buyer is serious about purchasing the house.

Encumbrance: any claim on a property, such as a lien, mortgage, or easement.

Equity: the current market value of a property minus any liens against it.

Escrow agent: a person or organization having a fiduciary responsibility to the seller of a property, the lender, and the borrower to see that the terms of the sale and loan are carried out.

Escrow: funds paid by one party to another (the escrow agent) to hold until the fulfillment of a condition, after which the funds are released to a designated individual. In an FHA mortgage transaction, an escrow account usually refers to the funds a mortgagor pays the lender at the time of the periodic mortgage payments. The money is held in a trust fund that is provided by the lender for the buyer. Such funds should be adequate to cover yearly anticipated expenditures for mortgage insurance premiums, taxes, hazard insurance premiums, and special assessments.

Fair market value/market value: the price at which property is transferred between a willing buyer and a willing seller, each of whom has a reasonable knowledge of all pertinent facts and is not under any compulsion to buy or sell.

FD-302: the FBI form used to report information that may become testimony at trial.

FD-515: the FBI form used to report statistical accomplishments.

FHA loan: a loan made through an approved lender and insured by the Federal Housing Administration. While there are limits to the size of FHA loans, they are intended to finance moderately priced homes.

Financial analyst: an FBI employee hired as part of the FA Program to assist in the financial aspects of Counterterrorism, Criminal Investigative, and Counterintelligence Programs. FAs have skills in finance and accounting and can provide specialized assistance in the investigation of crimes with a financial nexus. The FA Program is currently being transitioned to the FoA Program.

Foreclosure: a legal action that ends all ownership rights to a home when a homeowner fails to make the mortgage payments or is otherwise in default under the terms of the mortgage.

Forensic accountant: an FBI employee hired as part of the FoA program to assist in the financial aspects of Counterterrorism, Criminal Investigative, and Counterintelligence Programs. FoAs are experts in finance or accounting and can provide specialized assistance in the investigation of crimes with a financial nexus. The FoA program will eventually completely replace the existing FA program.

Funding a mortgage: the payment of loan money by a lender on behalf of a borrower that enables the borrower to purchase real estate.
General warranty deed: a deed that conveys not only all the grantor's interests in, and title to, the property to the grantee, but also warrants that if the title is defective or has a "cloud" on it (such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against the property) the grantee may hold the grantor liable.

Government-sponsored enterprise (GSE): private organizations with government charters and backing. Examples of GSEs are Fannie Mae and Freddie Mac.

Grace period: a period of time (usually 15 days) after a mortgage payment is due in which the lender will not charge a late penalty or report a payment as late to credit reporting agencies.

Grantee: That party named in the deed who is the buyer or recipient.

Grantor: That party named in the deed who is the seller or giver.

Home Equity Conversion Mortgage (HECM): also referred to as a reverse mortgage, this is a special type of mortgage developed and insured by the FHA that enables older homeowners to convert the equity they have in their homes into cash, using a variety of payment options to address their specific financial needs.

Home Equity Line of Credit (HELOC): a type of revolving loan that enables a homeowner to obtain advances of loan proceeds at his or her discretion, up to an amount that represents a specified percentage of the borrower's equity in the property.

Homeowner borrower: a borrower seeking financing on a residence that will be occupied by the borrower.

Housing-to-income ratio: the relationship of a borrower's monthly payment obligation on housing divided by gross monthly income (expressed as a percentage).

HUD: the U.S. Department of Housing and Urban Development. Within HUD, the Office of Housing/Federal Housing Administration insures home mortgage loans made by lenders and sets minimum standards for such homes.

HUD-1 Settlement Statement: a standard form used by a closing agent to itemize all charges for a real estate transaction. This form gives each party a complete list of incoming and outgoing funds.

Interest: a fee paid over time for borrowing money.

Investment borrower: an individual or entity seeking to finance the purchase of an investment property. The investment property may be a single-family dwelling, a multifamily dwelling, or land that may be rented to tenants with the intention of generating income.

Lien: a claim or charge on property to secure the payment of a debt. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials, or labor (see also special lien).

Loan-to-value (LTV): the ratio of the amount of the loan to the appraised value or sales price of real property (expressed as a percentage).
Marketable title: a title that is free and clear of objectionable liens, clouds, or other title defects. A marketable title is one that enables an owner to sell his or her property freely to others and one that others will accept without objection.

Mortgage: a lien or claim against real property given by the buyer to the lender as security for money borrowed. Mortgages generally run from 10 to 30 years, during which time the loan is paid off.

Mortgage broker: a commissioned agent that brings borrowers and lenders together to generate applications and/or process the mortgage loan for an origination fee. A mortgage broker may be an individual or a firm.

Mortgage commitment: a written notice from the bank or another lending institution promising to advance mortgage funds in a specified amount to enable a buyer to purchase a house.

Mortgage insurance premium: the payment made by a borrower to a lender for transmittal to HUD to help defray the cost of the FHA mortgage insurance program and to provide a reserve fund to protect lenders against loss in insured mortgage transactions. In FHA-insured mortgages, this represents an annual rate of one-half of one percent paid by the mortgagor on a monthly basis.

Mortgage note: a written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of indebtedness, and states the manner in which it shall be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

Mortgage originator: the individual or entity that solicits consumers, builders, and brokers for mortgage loans. A mortgage originator is often called a loan officer if employed by a financial institution.

Mortgage servicing: duties that traditionally accompany a mortgage. These include receiving and processing mortgage payments for individual loans, handling disbursement of escrow funds, and handling day-to-day contact with the borrowers.

Mortgage-backed security (MBS): an investment backed by gathering several loans into what is known as a pool of mortgages, usually totaling $1 million or more and sold on the open market to investors.

Mortgagor: the borrower in a mortgage agreement.

Mortgagee: the lender in a mortgage agreement.

Mutual Legal Assistance Treaty (MLAT): a formal treaty between sovereign nations that provides for the exchange of information, documents, and other legal assistance in criminal cases.

Nominee: an individual or entity that acts on behalf of a beneficial owner.

Note: a general term used to describe a type of document signed by a borrower that is an acknowledgment of a debt and is a promise to pay. When a note is secured by a mortgage, it is called a mortgage note, and the mortgagee is named as the payee.
Open-end mortgage: a mortgage with a provision that permits borrowing additional money in the future without refinancing the loan or paying additional financing charges. Open-end provisions often limit such borrowing to an amount no more than would raise the balance to the original loan figure.

Plat: a map or chart of a lot, subdivision, or community drawn by a surveyor that shows boundary lines, buildings, improvements on the land, and easements.

Prepayment: any amount paid to reduce the principal balance of a loan before the scheduled due date.

Prequalification: a preliminary assessment by a lender of an amount it will lend to a potential home buyer.

Principal: the amount of money borrowed or the amount of loan that has not been repaid to the lender, which does not include any interest component.

Quitclaim deed: a deed that transfers whatever interest the maker of the deed may have in a particular parcel of land. A quitclaim deed is often given to clear the title when the grantor's interest in a property is questionable. By accepting such a deed, the buyer assumes all the risks. Such a deed makes no warranties as to the title, but simply transfers to the buyer whatever interest the grantor has (see Deed).

Real estate broker: a middleman or agent who provides services in buying and selling real estate for a company, firm, or individual on a commission basis.

Recording: the filing of legal documents to make those documents a matter of public record.

Refinancing: the process of the same mortgagor paying off one loan with the proceeds from another loan.

Retail market: the market where new mortgage loans are created. This is commonly referred to as the primary market.

Scanning receiver: a device or apparatus that can be used to intercept a wire or electronic communication.

Special assessments: a special tax imposed on property, individual lots, or all property in the immediate area for road construction, sidewalks, sewers, street lights, etc.

Special lien: a lien that binds a specified piece of property, unlike a general lien, which is levied against all of one's assets. A special lien creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended in that person's behalf. In some localities it is called "particular" lien or specific lien (see lien).

Special warranty deed: a deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor
held title to the property. In a special warranty deed the grantor guarantees to the grantee that the grantor did nothing during the time he or she held title to the property which would impair the grantee's title.

Straw buyer: a person who purchases property for another to conceal the identity of the true purchaser.

Sub-prime lender: a lender that provides credit to borrowers who have a higher-than-average risk of default.

Survey: a map or plat made by a licensed surveyor showing the results of measuring the land with its elevations, improvements, boundaries, and relationship to surrounding tracts of land. A survey is often required by the lender as an assurance that a building is actually sited on the land according to its legal description.

Third-party originator (TPO): a process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund, or package a mortgage loan.

Title insurance: insurance that protects lenders or homeowners against loss of their interest in property resulting from legal defects in title. Title insurance may be issued in a "mortgagee's title policy." Insurance benefits will be paid only to the "named insured" in the title policy, so it is important that an owner purchases an "owner's title policy," if he or she desires the protection of title insurance.

Title search or examination: a check of public records to ensure that the seller is the legal owner of the property and to identify any liens or claims against the property.

Title: as generally used, the rights of ownership and possession of a particular property. In real estate usage, title may refer to the instruments or documents by which a right of ownership is established (title documents), or it may refer to the ownership interest one has in the real estate.

Trustee: a party who is given legal responsibility to hold property in the best interest of or "for the benefit of" another. The trustee is one placed in a position of responsibility for another, a responsibility enforceable in a court of law.

Truth-in-Lending Disclosure: a statement required by federal law that includes a summary of the total cost of credit, such as the annual percentage rate (APR), and other specifics of the credit.

Unauthorized access device: any access device that is lost, stolen, expired, revoked, canceled, or obtained with intent to defraud.

Underwriting: the process by which loan approval is determined, which involves evaluating the property and evaluating the borrower's credit risk and ability to pay the mortgage.

Verifications of Deposit (VOD): a form commonly used by lenders and underwriters to assure amounts are on deposit with a particular financial institution and are available to be used for down payment and settlement costs.
**Appendix E: Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABA</td>
<td>American Bankers Association</td>
</tr>
<tr>
<td>ACS</td>
<td>Automated Case Support</td>
</tr>
<tr>
<td>AF/ML</td>
<td>Asset Forfeiture/Money Laundering</td>
</tr>
<tr>
<td>AGG-DOM</td>
<td>Attorney General's Guidelines for Domestic FBI Operations</td>
</tr>
<tr>
<td>APR</td>
<td>Annual Percentage Rate</td>
</tr>
<tr>
<td>BF</td>
<td>Bankruptcy Fraud</td>
</tr>
<tr>
<td>CID</td>
<td>Criminal Investigative Division</td>
</tr>
<tr>
<td>CFI</td>
<td>Contract Forfeiture Investigator</td>
</tr>
<tr>
<td>CPI</td>
<td>Crime Problem Indicator</td>
</tr>
<tr>
<td>CRE</td>
<td>Commercial Real Estate</td>
</tr>
<tr>
<td>CUORC</td>
<td>Criminal Undercover Operations Review Committee</td>
</tr>
<tr>
<td>DIOG</td>
<td>Domestic Investigations and Operations Guide</td>
</tr>
<tr>
<td>DOJ</td>
<td>Department of Justice</td>
</tr>
<tr>
<td>EC</td>
<td>Electronic Communication</td>
</tr>
<tr>
<td>ECU</td>
<td>Economic Crimes Unit</td>
</tr>
<tr>
<td>FA</td>
<td>Financial Analyst</td>
</tr>
<tr>
<td>FBI</td>
<td>Federal Bureau of Investigation</td>
</tr>
<tr>
<td>FBHQ</td>
<td>Federal Bureau of Investigation Headquarters</td>
</tr>
<tr>
<td>FCS</td>
<td>Financial Crimes Section</td>
</tr>
<tr>
<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
</tr>
<tr>
<td>FED</td>
<td>Federal Reserve System</td>
</tr>
<tr>
<td>FHA</td>
<td>Federal Housing Administration</td>
</tr>
</tbody>
</table>

**E-1**

**UNCLASSIFIED//FOUO**
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHLMC</td>
<td>Federal Home Loan Mortgage Corporation</td>
</tr>
<tr>
<td>FI</td>
<td>Full Investigation</td>
</tr>
<tr>
<td>FIFU</td>
<td>Financial Institution Fraud Unit</td>
</tr>
<tr>
<td>FinCEN</td>
<td>Financial Crimes Enforcement Network</td>
</tr>
<tr>
<td>FIRREA</td>
<td>Financial Institutions Reform Recovery and Enforcement Act</td>
</tr>
<tr>
<td>FNMA</td>
<td>Federal National Mortgage Association, also known as Fannie Mae</td>
</tr>
<tr>
<td>FO</td>
<td>Field Office</td>
</tr>
<tr>
<td>FoA</td>
<td>Forensic Accountant</td>
</tr>
<tr>
<td>FOUO</td>
<td>For Official Use Only</td>
</tr>
<tr>
<td>FREDDIE MAC</td>
<td>Federal Home Loan Mortgage Corporation</td>
</tr>
<tr>
<td>FSP</td>
<td>Forfeiture Support Project</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GNMA</td>
<td>Government National Mortgage Association, also known as Ginnie Mae</td>
</tr>
<tr>
<td>GSE</td>
<td>Government Sponsored Enterprise</td>
</tr>
<tr>
<td>HECM</td>
<td>Home Equity Conversion Mortgage</td>
</tr>
<tr>
<td>HELOC</td>
<td>Home Equity Line of Credit</td>
</tr>
<tr>
<td>HUD</td>
<td>U.S. Department of Housing and Urban Development</td>
</tr>
<tr>
<td>IOD</td>
<td>International Operations Division</td>
</tr>
<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
</tr>
<tr>
<td>Legat</td>
<td>Legal Attaché</td>
</tr>
<tr>
<td>MBA</td>
<td>Mortgage Bankers Association</td>
</tr>
<tr>
<td>MFA</td>
<td>Mortgage Fraud Activity</td>
</tr>
</tbody>
</table>
### UNCLASSIFIED//FOUO

**Financial Institution Fraud Policy Implementation Guide**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFTF</td>
<td>Mortgage Fraud Task Force</td>
</tr>
<tr>
<td>MFWG</td>
<td>Mortgage Fraud Working Group</td>
</tr>
<tr>
<td>MIWG</td>
<td>Manual of Investigative and Operational Guidelines</td>
</tr>
<tr>
<td>MLAT</td>
<td>Mutual Legal Assistance Treaty</td>
</tr>
<tr>
<td>OGC</td>
<td>Office of the General Counsel</td>
</tr>
<tr>
<td>PG</td>
<td>Policy Implementation Guide</td>
</tr>
<tr>
<td>PI</td>
<td>Preliminary Investigation</td>
</tr>
<tr>
<td>PITI</td>
<td>Principal, Interest, Taxes, and Insurance</td>
</tr>
<tr>
<td>PMI</td>
<td>Private Mortgage Insurance</td>
</tr>
<tr>
<td>RESPA</td>
<td>Real Estate Settlement Procedures Act</td>
</tr>
<tr>
<td>RPM</td>
<td>Regional Program Manager</td>
</tr>
<tr>
<td>SA</td>
<td>Special Agent</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>SIM</td>
<td>Sensitive Investigative Matter</td>
</tr>
<tr>
<td>SSA</td>
<td>Supervisory Special Agent</td>
</tr>
<tr>
<td>TFO</td>
<td>Task Force Officer</td>
</tr>
<tr>
<td>UCO</td>
<td>Undercover Operation</td>
</tr>
<tr>
<td>USAO</td>
<td>United States Attorney's Office</td>
</tr>
<tr>
<td>USPIS</td>
<td>United States Postal Inspection Service</td>
</tr>
<tr>
<td>USSS</td>
<td>United States Secret Service</td>
</tr>
<tr>
<td>USTO</td>
<td>United States Trustee Office</td>
</tr>
<tr>
<td>VA</td>
<td>Veterans Administration</td>
</tr>
</tbody>
</table>

---

E-3

UNCLASSIFIED//FOUO
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOD</td>
<td>Verification of Deposit</td>
</tr>
<tr>
<td>VOE</td>
<td>Verification of Employment</td>
</tr>
<tr>
<td>VRM</td>
<td>Variable Rate Mortgage</td>
</tr>
<tr>
<td>WCC</td>
<td>White Collar Crime</td>
</tr>
</tbody>
</table>