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## Canada a world leader in mortgage fraud, investigators warn

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TORONTO (CP) - Canada is becoming a global trendsetter in the burgeoning business of mortgage fraud, say law-enforcement experts and investigators gathered this week at an international crime conference.

Although credit card and mass marketing fraud are still "a huge concern" for Canadians, consumers need to pay particular attention to the rapidly rising potential for real estate-oriented fraud cases, said crime and risk management expert Chris Mathers. "(Mortgage fraud) is an absolute epidemic, a huge problem in the developed countries, especially here in Canada," said Mathers, who is taking part in the International Fraud Investigators Conference in Toronto. "And I don't see it changing anytime soon."

The conference, which hosts police officers, detectives, consumer specialists and consultants from around the world, will spend the next four days addressing the world's most pressing fraud issues and exploring ways to tackle them.

"There really has to be a lot of government-sponsored change here," Mathers said.

"Until the banks start to complain to the government, there's not going to be any change. Once the banks start to feel it, then they will put the pressure on the various legislators to make the appropriate changes."

Mortgage fraud is a form of identity theft, which occurs when a home is stolen from under the owner by fraudsters who forge phoney documents, which they use to either sell the property or obtain a second mortgage, unbeknownst to the true owner.

The Liberal government has already tabled legislation which, if passed, would raise the maximum penalty for real estate fraud convictions to \$50,000 from \$1,000.

Bill 152, the Government Modernization Act, will hopefully win the legislature's approval by week's end, said Paul de Zara, a spokesman for Government Services Minister Gerry Phillips.

"If passed, this bill would increase mortgage fraud penalties to protect homeowners," de Zara said. "It will make it harder to commit real estate fraud by implementing tighter restrictions."

The province also plans to create a national database of real estate fraud cases and re-classify fraud as a separate offence under the federal Criminal Code, he added.

The Real Estate Council of Ontario opened 34 investigations in 2005 involving allegations of mortgage fraud, with 70 per cent of those cases resulting in revoked registrations.

Because jail time for fraudulent crimes is minimal, if at all, the "risk-reward equation is pretty much in the favour of the criminal," said Mathers, adding that with new legislation in place, criminals may think twice before committing real estate fraud.

"If the banks get ripped off, then the price of your bank machine transaction goes up," he said. "Everybody pays in the end."

Banks are also doing whatever they can to protect their consumers, said Maura Drew-Lytle, spokesperson for the Canadian Bankers Association.

In order to avoid becoming an unwitting participant in mortgage fraud, consumers should take care to avoid signing blank documents or applications that contain false information, and businesses that offer a fee for name and credit information, she said.

"From a bank perspective, it's obviously something that we take very seriously. We're always looking at our due diligence process and trying to improve it."

The majority of people involved in mortgage fraud are innocent victims, said Toronto police Det.-Staff Insp. Stephen Harris of the city's fraud squad.

"If something sounds too good to be true, it generally is," Harris said.

"Quite often people don't participate in it at all. It's not like they're being greedy, it's not like they're trying to get something they're not really entitled to. It's through no knowledge of their own, someone has come along, forged their identity, and is able to obtain a mortgage."

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