

Welcome to TimesPeople
What's this?

TimesPeople Lets You Share and Discover the Best of NY...

1:02 PM

Get Started

HOME PAGE | TODAY'S PAPER | VIDEO | MOST POPULAR | TIMES TOPICS

Get Home Delivery | Log In | Register Now

The New York Times

N.Y. / Region

Search All NYTimes.com

Go

WORLD | U.S. | N.Y. / REGION | BUSINESS | TECHNOLOGY | SCIENCE | HEALTH | SPORTS | OPINION | ARTS | STYLE | TRAVEL | JOBS | REAL ESTATE | AUTOS

THE CITY | CONNECTICUT | LONG ISLAND | NEW JERSEY | WESTCHESTER

Prosecutions Lag as N.Y. Foreclosure Frauds Surge

More Articles in New York Region »



Suzanne DeChillo/The New York Times

Linda and Wesley Bryce lost the title to their home on Staten Island, and now face eviction.

By MICHAEL POWELL
Published: April 14, 2009

Many New York City prosecutors reacted slowly and brought few indictments as foreclosure swindles and mortgage fraud swept the city during the past decade, allowing problematic operators to flourish even as the nation's housing market rose and crashed, according to housing lawyers, prosecutors and federal reports.

As early as 2000, the federal [Department of Housing and Urban Development](#) declared the city a foreclosure fraud "hot zone." In 2005, the [National Consumer Law Center](#) wrote an influential report, "[Dreams Foreclosed: The Rampant Theft of Americans' Homes Through Equity-Stripping Foreclosure 'Rescue' Scams.](#)" warning that the [F.B.I.](#) and local prosecutors remained dangerously understaffed in this fight.

Yet a review of civil lawsuits suggests that many fraud cases go unprosecuted.

Officials with several of New York's district attorneys acknowledge the problem, saying they lack the staff to investigate and prosecute more than a fraction of the potential deed-theft and mortgage-fraud cases. Such cases are typically complex and time consuming; as a consequence, prosecutors say, they often know the names of sophisticated fraudulent operators but have trouble getting indictments.

"Am I frustrated and can I feel the frustration of those who send us the cases? Absolutely," said Gregory C. Pavlides, the chief of the economic crimes unit in the Queens district attorney's office. His unit's 14 lawyers also handle money laundering, counterfeiting, identity theft and environmental cases.

For years many district attorneys viewed mortgage fraud as taking a second seat to traditional show-stoppers: homicides, counterfeiting, burglaries and even gambling. At least one New York district attorney still takes that view.

Movies Update E-Mail



Sign up for the latest movie news and reviews, sent every Friday.

[See Sample](#) | [Privacy Policy](#)



DREW BARRYMORE JESSICA LANGE
GREY GARDENS
INSIDE THE INCREDIBLE WORLD OF JACKIE O'S RELATIVES
SATURDAY AT 8PM **HBO**



ROLL OVER FOR ARTICLES FROM THE NEW YORK TIMES

1. [Memories of a Former Resident of Grey Gardens](#)
2. [Edith Bouvier Beale, 84, 'Little Edie,' Dies](#)
3. [THE LIVES THEY LIVED; The Debutante's Staying-In Party](#)

ROLL OVER FOR VIDEO

ROLL OVER FOR CHARACTERS

The New York Times

The reprinting of these articles was sponsored by HBO. The editorial staff of The New York Times was not involved in the production of this feature. HBO® and related service marks are the property of Home Box Office, Inc.

SIGN IN TO E-MAIL

PRINT

SINGLE PAGE

REPRINTS

SHARE

ARTICLE TOOLS
SPONSORED BY

JUNE 5

MOST POPULAR

E-MAILED | BLOGGED | SEARCHED

1. [Nicholas D. Kristof: How to Raise Our I.Q.](#)

“Our natural inclination is that these are civil cases,” said William Smith, spokesman for the Staten Island district attorney, Daniel M. Donovan.

Yet mortgage and deed fraud, assistant district attorneys say, are among the most economically destructive crimes prosecuted by their offices. Bank robbers average less than \$2,000 and face a 75 percent chance of being caught; a mortgage fraud ring walks away with hundreds of thousands of dollars per house, prosecutors say, and runs little risk of arrest.

“Robbing a bank with a gun is not as smart as going into mortgage fraud,” Mr. Pavlides said. “Because of the sheer volume, you have a decent chance of getting away with it.”

Nationwide, mortgage fraud and deed theft cost homeowners \$4 billion to \$6 billion annually, according to the F.B.I. In New York City, housing fraud has wiped out tens of millions of dollars for thousands of predominantly black and Latino homeowners in large parts of Brooklyn, Queens and Staten Island.

Mortgage fraud comes in several varieties. Most common today are deed thieves, who approach distressed owners and offer to straighten out finances by temporarily taking over deeds. Then they refinance and abscond with the owners’ equity. Others, more frequently during the boom years, rely on circles of appraisers who deliver inflated appraisals on demand, and on lawyers paid by the seller but purporting to represent the buyer, and on mortgage brokers, to persuade buyers to take on overpriced and often dilapidated homes.

As the foreclosure crisis has deepened, officials have promised a tougher line. Last week, [Treasury Secretary Timothy F. Geithner](#) announced plans for federal and state agencies to fight mortgage and foreclosure fraud. And last month, District Attorney [Charles J. Hynes](#) of Brooklyn and Senator [Charles E. Schumer](#) announced the creation of a real estate fraud unit in Brooklyn, to address what Mr. Hynes described as “the recent flood of mortgage fraud cases plaguing New Yorkers.”

But the lawyers who have pleaded with district attorneys, chased witnesses and pointed out the same suspected law breakers for years say that prosecutors failed to stop fraud when it was most rampant.

“We gift-wrapped these cases,” said Jessica Attie, co-director of the foreclosure prevention project at [South Brooklyn Legal Services](#). “These are crimes committed in plain sight.”

When Doris Dickinson walked into Joe Sanders’s office at [Brooklyn Legal Services Corporation A](#), he noted the sort of detail he thought an assistant district attorney would love.

The men who sold one of Ms. Dickinson’s houses filled out a deed in 2002 claiming that she was dead.

“Exhibit A: This is Ms. Dickinson and she’s alive,” Mr. Sanders said. “I figured that was a good place for a prosecutor to start.”

Ms. Dickinson, 53, is blind, and her father, a transit worker, had scrimped and purchased several homes in hopes of giving her a lifelong income stream. According to a lawsuit in State Supreme Court, two men used the forged deed to obtain a mortgage. Then they sold the house to an accomplice — or straw buyer — and refinanced it, taking \$570,000 in equity, court papers say.

2. Really?: The Claim: Nasal Irrigation Can Ease Allergy Symptoms
 3. David Brooks: A Loud and Promised Land
 4. The Curious Cook: They Do the Work, You Reap the Yogurt
 5. Dress Codes: Riding the It Factor
 6. Paul Krugman: Green Shoots and Glimmers
 7. Judith Warner: Dude, You’ve Got Problems
 8. Roger Cohen: When Nature Calls
 9. State of the Art: The Quest to Shrink the S.L.R.
 10. TV Royalty, but No Longer a Housewife
- [Go to Complete List »](#)

What C.E.O.'s really make
Also in Business:
[Mapping piracy](#)
[Dealing with recession-related stress](#)
[Tapping business skills that already exist](#)

ADVERTISEMENTS

Other papers leave you out of the conversation. Get The Weekender.

Read the complete New York edition of The Times on computer, just as it appears in print.



nytimes.com/business
Where the conversation begins ▶

How will their business affect your business?

Ads by Google what's this?

Free Govt Cell Phone
Free Minutes, Free voice mail, See if you're eligible! SafeLink
[www.SafeLinkWireless.com](#)

Wanna Make \$250 An Hour?
It's Outrageous But You Can Do It I'll Show You How To Do It
[www.IllShowYouHowToBeRich.com](#)

Prevent Identity Theft
Always a step ahead of ID Thieves. Get Daily Surveillance & Protection
[Stop.IdentityTheft.com](#)

A version of this article appeared in print on April 15, 2009, on page A1 of the New York edition.

[More Articles in New York Region »](#)

Read the complete New York Times Electronic Edition on computer, just as it appears in print.

Ads by Google

[what's this?](#)

Prevent Identity Theft

Always a step ahead of ID Thieves. Get Daily Surveillance & Protection
[Stop.IdentityTheft.com](#)

What's Your Credit Score?

Access Your Score In Seconds Get Your Free Credit Report Today
[www.CreditReport.com](#)

Credit Card Fraud

Find Credit Fraud. Top Credit Fraud Listings Online.
[WorldSiteIndex.com](#)

Past Coverage

- [When Foreclosure Looms, Tenants Could Benefit \(March 3, 2009\)](#)
- [To Avert Blight, City Will Repair and Resell Vacant Homes \(January 15, 2009\)](#)
- [Boswell to the Bluebloods \(October 5, 2008\)](#)
- [DISPATCHES; The Corner Bank, and What Comes Next \(October 5, 2008\)](#)

Related Searches

- [New York City](#)
- [Foreclosures](#)
- [Frauds and Swindling](#)
- [Mortgages](#)

- [Get E-Mail Alerts](#)
- [Get E-Mail Alerts](#)
- [Get E-Mail Alerts](#)
- [Get E-Mail Alerts](#)



[Searching for Silicon Valley](#)



[A Leaner Film Festival Raises the Bar](#)



[From Anne Frank's Tree, a Harvest of Tolerance](#)

100 Days: Nixon Goes to Europe (Part II)

Ignoring advice from Charles de Gaulle cost Richard Nixon.



[Decline and Fall, in Genteel Style](#)



[Letters: Dealing With Iran's Nuclear Ambitions](#)