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MEDIA RELEASE

FOR IMMEDIATE RELEASE
December 20, 2010

U.S. ATTORNEY KLINEFELDT AND IOWA ATTORNEY GENERAL MILLER ANNOUNCE FEDERAL-STATE PARTNERSHIP TO COMBAT MORTGAGE FRAUD IN THE SOUTHERN DISTRICT OF IOWA

(DES MOINES, Iowa) - United States Attorney Nick Klinefeldt and Iowa Attorney General Tom Miller announced today the creation of the Iowa Mortgage Fraud Working Group.

The working group will identify and investigate targets for criminal prosecution in the Southern District of Iowa and perform other important functions in the fight against mortgage fraud. Klinefeldt and Miller said they expect the working group to effectively and efficiently protect the public from mortgage fraud and ensure that wrongdoers are brought to justice. The working group combines the civil expertise of the Attorney General in the mortgage industry with the criminal expertise of the United States Attorney.

On the federal level the working group will utilize the investigative expertise of agencies such as the Federal Bureau of Investigation and Department of Housing and Urban Development--Office of Inspector General (HUD-OIG). Other federal agencies that may participate in the working group include the Secret Service, Internal Revenue Service, United States Postal Inspection Service, and Social Security Administration. On the state level, the working group includes attorneys and investigators with the Attorney General's Consumer Protection Division, as well as the Iowa Division of Banking.

Miller is currently leading a nationwide mortgage foreclosure investigation, in conjunction with 50 state attorneys general and state banking and mortgage regulators in more than three dozen states. The effort, which was launched October 13, began with inquiries into so-called “robosigning” practices by several mortgage companies, and has since broadened into identifying and addressing additional alleged improper foreclosure practices.

For the past three years, Miller has also lead more than a dozen state attorneys general and state banking regulators in the State Foreclosure Prevention Working Group, which has monitored foreclosure data and has recommended and helped implement foreclosure prevention efforts. In addition, Miller helped launch Iowa’s Mortgage Help Hotline, which helps consumers facing foreclosure. Miller has also pursued several mortgage fraud cases against companies and individuals who have tried to take advantage of Iowans.

“This new partnership between my office and the United States Attorney’s office will help us take some of the most egregious mortgage fraud cases to the next level,” said Miller. “There are some situations where civil enforcement efforts simply are not enough to punish the wrongdoers. We look forward to working with the United States Attorney to ensure that criminal enforcement tools are also available.”

Klinefeldt said the partnership with the Attorney General will have an immediate impact on the effectiveness of federal efforts to combat mortgage fraud. “Attorney General Miller has been a nationwide leader in using civil enforcement tools to combat mortgage fraud,” he said. “This relationship will allow federal prosecutors and investigators to obtain the benefit of the experiences of the Attorney General, get leads on new cases, and refer cases back to the State in instances where federal criminal prosecution is not warranted but state civil or criminal enforcement efforts might be.”

The United States Attorney has prosecuted numerous criminal cases in the Southern District of Iowa involving mortgage fraud. This year alone, the United States Attorney has prosecuted lawyers, real estate agents, mortgage brokers, bank officers, and borrowers for their roles in mortgage fraud schemes. Klinefeldt said he expects the relationship with the Attorney General to result in the prosecution of even more criminal mortgage fraud cases. “Our standards for deciding who to criminally prosecute will remain as high as ever,” he said. “But we expect the partnership with the Attorney General to result in finding more targets whose conduct satisfies those high standards.”

The Federal Bureau of Investigation has typically taken the lead in federal investigations of mortgage fraud in the Southern District of Iowa. Klinefeldt said the Department of Housing and Urban Development – Office of Inspector General also has become heavily involved in investigating mortgage fraud in the area. Both agencies will play key roles in the working group.

Miller and Klinefeldt said the working group will meet regularly and perform several important functions. First, the members of the group will share information regarding complaints from consumers and persons in the mortgage industry about possible mortgage fraud schemes. This will allow state and federal investigators to identify possible targets for criminal prosecution and ensure that investigative efforts are not being unnecessarily duplicated.

Second, when feasible, state investigators will participate directly in federal criminal investigations and prosecutions. Even when direct participation is not an option, the working group will allow state mortgage industry experts to provide background information and resources to federal prosecutors and investigators regarding mortgage industry practices and procedures.

Third, the group will educate the public regarding fraudulent schemes in the mortgage industry and provide guidance to consumers about how to avoid becoming victims of mortgage fraud. The group also will work with mortgage industry participants to find the most effective ways to prevent mortgage fraud.

The criminal penalties associated with mortgage fraud vary according to the particular charge, but the most common federal charges (bank fraud, wire fraud, mail fraud, and false statements to a bank) carry maximum terms of imprisonment of 30 years and fines of up to \$1,000,000.

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