

## **Land Title and Mortgage Fraud**

In theory Title Transfer fraud does not happen in BC because of the Torrens System. If this type of fraud occurs, it happens to Holiday and Vacant properties. If the fraudsters were able to do the transfer under the title of Immediate Inadvisability the innocent buyer would keep the property and the victim (old owner) would be compensated from the BC Assurance fund. This could take up to three years and there will be legal fees.

From 1989 to the present, 16 claims have been paid out of the Land Title Act assurance fund that arose out of fraud. Fourteen of the claims related to fraudulent discharges of mortgages for a total of \$320,580, and two related to title fraud (through a forged transfer) totaling \$389,000. Over that time, the land title system has processed over 12 million transactions.

I should also point out that the largest incidence of fraud in BC was perfected by Martin Wirick, a lawyer who was acting contrary to professional standards and consequently the Law Society has had to address compensation to those injured by his actions. One incident recently had one Mortgage broker being charged for over 900 mortgage frauds within a year here in BC.

Also, mortgage fraud in all jurisdictions is often attributable to lending procedures of banks and credit unions (for example, failure to complete adequate due diligence) and in such cases does not represent a failure of the registry.

In checking with the Canadian Banking Association, as I mentioned, mortgage fraud statistics are difficult to compile. The reason that the numbers are so hard to come by is that there are so many different groups taking the losses and there has never been one overall total in Canada. These groups include banks, credit unions, caisses populaires, other mortgage lenders, insurers, professional errors and omissions funds and provincial land title insurance funds to name a few. All we have ever seen are estimates, but there is no way to verify their accuracy.

That said, it's always important for consumers to understand how to protect themselves from any type of fraud. Here are some tips on real estate fraud posted to one website that you might find helpful.

<http://www.cba.ca/en/ViewDocument.asp?fl=3&sl=308&tl=313&docid=567> .

**Why is BC's Land title registry better? Each title is registered via a registered survey to the person or entity. Not like others systems that are in place in provinces like Quebec (1.9 billion last year in real estate fraud) Ontario (not far behind) and Alberta 2700 plus frauds last year alone.**

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## **Real Estate Fraud**

### **What is real estate fraud?**

There are many different types of real estate fraud, but the two that consumers should be aware of are mortgage fraud and title fraud.

- Mortgage fraud occurs when an individual intentionally provides inaccurate, fraudulent or incomplete information to a lender in order to secure a mortgage that they might not otherwise be granted. This could include anything from an individual claiming to have a higher income than they actually have to providing falsified proof of identification or a falsified appraisal of the property.
- Title fraud occurs when a fraudster assumes the identity of an individual homeowner and then uses that false identity to pose as the homeowner. They could then assume the title on the home, sell the property or obtain a mortgage on that property or other properties in the homeowner's name.

### **How big a problem is mortgage fraud in Canada?**

Mortgage fraud is a crime that the banking industry, police, governments and other organizations involved in real estate transactions take very seriously. Although there is no central organization that collects statistics nationally there are some indications that the number of incidents is increasing.

While even a single incident is one too many, it is important to put the issue into perspective. There are hundreds of billions of dollars in mortgages held by millions of Canadian homeowners and in the vast majority of cases these mortgages are perfectly normal.

### **What is my bank doing to protect me from real estate fraud?**

The banks work constantly to protect you from fraud. All banks have fraud and security teams working around the clock to ensure that security measures are constantly being enhanced, technology is being upgraded, and that the banking industry assists police in investigations to help catch the criminals and put them behind bars.

In addition, the banks and the Canadian Bankers Association are involved in real estate fraud task forces across the country. These task forces bring together lenders, police, government, real estate groups, the legal profession and other groups to look closely at real estate fraud to determine what changes can be made, individually and collectively, to prevent fraud and protect Canadians. This work is ongoing but, to date, significant changes have been made to directly prevent some instances of real estate fraud from occurring.

### **How do I protect myself from becoming a victim of mortgage fraud?**

Protect your personal information from identity thieves:

- Do not give out personal information on the phone, through mail or over the Internet unless you have initiated the contact or know with whom you're dealing.
- If it sounds too good to be true, it probably is - before you reveal any personal information, find out how it will be used and if it will be shared.
- Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time.

- Guard your mail. Deposit outgoing mail in post office collection boxes or at your local post office. Promptly remove mail from your mailbox after delivery. Ensure mail is forwarded or re-routed if you move or change your mailing address.
- Minimize the identification information and number of cards you carry.
- Keep items with personal information in a safe place. An identity thief will pick through your garbage or recycling bins. Be sure to tear or shred receipts, copies of credit applications, insurance forms, physician statements and credit offers you get in the mail.
- Give your Social Insurance Number (SIN) only when absolutely necessary. Ask to use other types of identification when possible.
- Don't carry your SIN card; leave it in a secure place.
- Check your credit report regularly to ensure there are no discrepancies
- Reviewing your credit report can help you find out if someone has opened unauthorized financial accounts in your name. There are three credit reporting agencies in Canada: Equifax Canada, Northern Credit Bureaus Inc. and TransUnion Canada. You can request free copies of your credit report from credit reporting agencies by mail. Online versions of reports are also available for a small fee.
- You can also conduct a property search at your province land registry office to ensure that the title to your home is in your name.

**When the banks become victims of mortgage fraud, where do they turn to recover the funds?**

In the event of a mortgage default, the property pledged as security would be sold by the lender, and this alone can sometimes cover any money lost through mortgage fraud.

If there is a shortfall after the property is sold, then a lender may turn to mortgage or title insurers to recoup losses. There are also a variety of professional errors and omissions funds set up by groups such as law societies and real estate associations to reimburse victims for losses if their members are involved in the crime. The bank may also sue the criminals themselves to recoup some or all of the losses.

Again, keep in mind that, in most cases, there is still a property that can be sold, so the banks may only turn to insurance or funds to cover the difference between the amount of the mortgage and the amount they received for the sale of the property, not the entire amount of the mortgage.

**If banks are recouping their mortgage fraud losses from mortgage insurance provided by the Canada Mortgage and Housing Corporation (CMHC), a crown corporation, then do taxpayers pay for the losses?**

The CMHC insurance program is completely self-funded and CMHC competes with other insurers for mortgage insurance business. The Canadian treasury and Canadian taxpayers do not suffer any losses as a result of mortgage fraud or any other mortgage defaults. In fact, in 2003, CMHC announced a 15% reduction in premiums for mortgage loan insurance.

**How do the banks assist the police when it comes to investigating cases of mortgage fraud?**

It is in all of our best interests to combat mortgage fraud. The banks cooperate fully with police to ensure that homeowners are protected, criminals are brought to justice and that effective measures are put in place to fight and reduce mortgage fraud in Canada.

The banks conduct their own internal investigations and will provide their findings to police. They will also help in any way that they can, within the law, with police investigations into mortgage fraud. This could include providing documents and other information that they have obtained or testifying in court.

The banks and the CBA also sit on task forces and working groups with police, governments, real estate groups, the legal profession, other financial institutions and other stakeholders that look at mortgage fraud and related issues. To commit mortgage fraud, a number of parties need to be working together and they vary the methods used to commit this crime. By sharing information, we can all constantly be taking steps to change practices and close any gaps that may exist in the system.

**Do bank customers ultimately pay for mortgage fraud losses through higher service fees?**

No. There is no direct correlation between fraud losses and service fees – that's not how banks operate. There are, of course, many costs of doing business for a bank, including losses associated with fraud. Others would be such things as credit loan losses, operating expenses, wages, technology and rent. In the end, if these costs of doing business go up, then revenues and earnings go down. Mortgage fraud losses are an unfortunate cost of doing business and banks are working aggressively to decrease those losses.

Gerry MacKinnon TF 1-866-837-3283 [www.pplbc.ca](http://www.pplbc.ca) [daltmack@shaw.ca](mailto:daltmack@shaw.ca)

(Place your address here)

(Date here)

(Equifax or Transunion or Norther Credit Bureau address here)

To Whom the may concern

Regarding JAMES K MINSHULL Social Insurance number

I have written this letter to inform you that I suspect that I may be a victim of Identity Theft. Please place an extended fraud alert on my credit report. I would appreciate a copy of my credit report as it now stands. It may be sent via regular mail to my above noted address. I understand that there is not a charge for this service.

Thank you for your assistance in the matter. I may be reached by telephone at (type in telephone number) or at email at (type in email address)

Sincerely with respect

JAMES K MINSHULL

## Intro

**One of the following two scenarios actually happened. ""BUT"" understand both have tremendous implications on your response to, what your thought patterns are, and what you will do to protect yourself and family from Identity Thieves after this session has been completed...**

If you were a First Responder (Ambulance, Firefighter, Police officer) in New York on the 10<sup>th</sup> of September 2001? You knew that there was going to be several planes hijacked and two were going to crash into the Twin Towers of the World Trade Centre on the 11<sup>th</sup> of September 2001. What would you say or do to your fellow first responders to make them realize the threat against their lives when they were called upon to save lives and protect property the next day in that area.

What if you were with a groups of people that uses the internet on a daily bases to make various financial transactions? You found out that there were several, of your group that had their credit cards sold by one of the vendors without your groups consent. You found out also that that these cards were now being used by Identity Thieves to purchase Child pornography in your associate's names.

What is Identity Theft?

How many type of Identity Theft are there?

What do you do if Identity Theft happens to you or your company?

How do you protect yourself from Identity Theft "NOW"?

*I would ask though that **questions** that you have and **comments** that you wish to **make are done** at the end of this session. I will of course remain in the area to **get the questions responded to, arrange for the information that you wish to receive and the services that are offered by us** in front of you immediately after. If you wish to leave a **business card** or **complete one of our session cards**, at the end please see me for this to be accomplished. We also **ask for your critique** on our presentation. **Your driver license, social insurance number will be required.** ""Just joking"" **How do you like me so far""***

Equifax Canada  
1-800-465-7166  
[www.equifax.ca](http://www.equifax.ca)  
Box 190 Station Jean Talon  
Montreal Que  
H1S 2Z2

Transunion Canada  
1-866-525-0262  
[www.tuc.ca](http://www.tuc.ca)  
Suite 1501  
325 Milner Avenue  
Toronto Ont  
M1B 5N1

Northern Credit Bureau  
1-800-532-8784  
[www.creditbureau.ca](http://www.creditbureau.ca)  
336 Rideau Blvd  
Ro336 Rideau Blvd  
Rouyn – Noranda  
Que J9X 1P2

## Five Types of Identity Theft

- *Drivers Licence*
- *Social Insurance*
- *Medical*
- *Character*
- *Credit*

## Solutions

- *Access to Legal Council*
- *Monitoring of Credit ( All credit reporting agencies 4 times a year)*
- *Credit Fraud alerts*
- *Restoration of all 5 types of Identity*

Here are the Top 10 Tips on how to PYID:

1. Never leave your purse or wallet unattended. Keep your personal data and information guarded at all times.
2. Place a sticker that asks that Identity is shown in the form of Photo id Ask that a credit card be forwarded to a bank, or hand delivered to you
3. Don't carry your social insurance card, birth certificate, or passport with you unless it's absolutely necessary.
4. Never throw away receipts or statements in a public trash container, and be sure to destroy or shred the areas where the account number is visible.
5. Make a note of when your financial statements arrive each month. If your statements stop arriving, contact your bank. Read through your monthly statements carefully.
6. Do not provide your account number over the phone unless you are positive the call is legitimate. Never provide your number over the phone if you didn't initiate the call.
7. Keep a list of your credit card accounts, bank accounts, and financial institutions telephone numbers in a secure place so you can quickly call the card issuers to inform them about missing or stolen cards.
8. Memorize your passwords and personal identification numbers (PINs) so you do not have to write them down.
9. When making a purchase, keep your card in view at all times. Retrieve the card as soon as the transaction is complete and make sure it is yours.
10. Be aware of your surroundings. Make sure no one is watching you input your PIN.

Other survey findings:

- When asked to name the one piece of identification most likely to put them at risk for identity theft, three in 10 (29 per cent) Canadians said the loss of their SIN card would make them most vulnerable, followed by loss of a credit card (22 per cent), and passport (19 per cent). Only six per cent said bank card and five per cent said their health card.
- Women were more likely to cite the loss of a SIN card (33 per cent) as being most likely to put them at risk for identify theft, while men were more likely to cite the loss of a passport (22 per cent).
- Older Canadians (30 and older) are more likely than young Canadians to be wary of losing pieces of identification.

Identity theft versus payment card fraud:

While any form of theft is serious, there's a difference between identity theft and payment card fraud. Identity theft goes beyond the taking of a single personal item or piece of information. Identity theft occurs when

**somebody steals personal information, such as a person's name or social insurance number, without that person's knowledge, and then uses it to obtain other personal information and ultimately assume their identity to commit fraud.**

**Despite your best efforts, it's possible you could become a victim of identity theft or payment card fraud. If that happens, call your financial institution immediately and also report the fraudulent activity to the proper authorities, including the police. In the case of telemarketing fraud or identity theft, you can also report it to Phonebusters at 1-877-495-8501, [www.phonebusters.com](http://www.phonebusters.com). Also, contact the three national credit bureaus, Equifax at 1-800-465-7166, [www.equifax.ca](http://www.equifax.ca) and TransUnion at 1-866-525-0262, [www.tuc.ca](http://www.tuc.ca). Northern Credit Bureau [bcn@bcn.qc.ca](mailto:bcn@bcn.qc.ca) 800-532-8784 They will place a "Fraud Alert" on your file. Finally, check your financial statements carefully in the following months to make sure the problem has been completely resolved.**

**Gerry MacKinnon—Toll free 1-866-837-3283**

What people should also know?

1 in 4 will become some type of a victim to IDT this year 2006/07

Most people will not be concerned because they think "It will not happen to me

Those that do have a compromise on their credit card will believe that nothing further will happen, because they think Credit Card Company ""Has look after the theft!

People will go it alone and try to respond to the problems and threats them selves. Just a small reminder this year to July 1st 06 we now know of 40 people that have committed suicide because of Identity Theft.

51% of the financial institutions have been compromised.

You are in 54 data banks excluding government agencies.

All government agencies have been compromised by Identity Thieves.

43% of the use of stolen identity is used for receiving credit in someone else's name

Your data is being sold in over 65 different data banks including the Identity thieves systems.

You have a right to be removed from all mailing and telephone data banks

Largest group of people that will be hit are between the age of 18 and 29 years

You should get your credit report 4 times a year from the three credit reporting agencies (free)

If you have moved in the last three years, you need to know how your mail has been disposed of by the new people at your old address. The least is what they have done with it.

If you are going to take an identity theft package that it covers all 5 types of Identity. Ask the sales rep.

You have six months to report an inaccurate land title/mortgage in your name or you could be responsible for the full meal deal

Do you know your rights if you are detained wrongfully. Who do you call? You could be held civilly and criminally responsible for the Identity Theft

You do not have to give out your SIN to any person/agency unless they are reporting income results on an account or payroll. All financial institutions are obligated to report all bank accounts to Revenue Canada.

Mortgage and Identity Theft in the Real Estate market has increased over 61% in the past 12 months.

Read all contracts that you have with any agency that you deal with on the internet. I would suggest that you have a lawyer review them all. Review all financial account info.

Ask what you are responsible for in the case of Identity Theft. Some institutes make you pay over 50% of the loss.

Read the book "Who Else Knows You Best"

Please contact

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**Toll free 1\*\*866\*\*837\*\*3283**

PPL Legal Care of Canada Corporation

Identity Theft Shield for Province of British Columbia

Identity Theft Shield

**You can purchase the Identity Theft Shield<sup>SM</sup> for \$12.95 per month (+ \$10 enrollment fee).**

**SPECIAL PRICE: You can receive the full benefits of the Identity Theft Shield<sup>SM</sup> for only \$9.95 per month if you also become a Pre-Paid Legal Family Plan member.**

Coverage Summary:

Consumer Credit Disclosure

Expedited

Expedited  
Delivery of Consumer Credit Disclosures Quarterly

[Restoration](#)

Who's included in the plan:

[Identity](#)

primary member

You as the

Coverage Details:

Your spouse

#### Expedited Consumer Credit Disclosure

Consumer Credit Disclosure through Northern Credit Bureaus (NCB) helps you make sure your financial records are accurate. Your credit standing is one of your most important financial assets. It not only affects your ability to get credit, often it also dictates the interest rate at which you can borrow. It can also affect your ability to purchase insurance or to find employment. Both insurance companies and prospective employers use your credit rating to gauge your sense of responsibility and you want to ensure it is a true reflection of your credit worthiness.

Experts recommend you review your credit report regularly; your membership makes this easy. You are entitled to expedited delivery of an up-to-date consumer credit disclosure based on data from NCB at no extra charge!

#### Expedited Delivery of Consumer Credit Disclosures Quarterly

Learn of suspicious activity before your credit is ruined. By ordering your consumer credit disclosure from Northern Credit Bureau (NCB) quarterly, you will be actively involved in helping to monitor your own credit information. We provide easy to use forms you can use to request expedited delivery of your consumer credit disclosure once every 3 months.

*Your credit file will be provided to you free of charge by the credit bureau as required by provincial credit reporting legislation. This product offers expedited delivery of your consumer credit file disclosure as an additional benefit of the service. No purchase is necessary to obtain your credit file disclosure from the credit bureau.*

#### Identity Restoration

*(Coverage begins as of your membership effective date.)*

**Let the experts do the work for you.** Identity theft can be devastating, and the process of restoring your name and credibility can be overwhelming, time consuming and costly. You need more

than "do it yourself" information when it happens to you.

With the Identity Theft Shield<sup>SM</sup>, a trained expert will take the steps to help restore your name and credit for you!

**Help reduce your out-of-pocket expenses and time spent away from work with valuable services from detection to resolution. Let our investigators do the work for you.**

**Our Investigators will work on your behalf** to help correct identity theft issues you have with affected agencies and institutions, including:

companies

Credit card

institutions

Financial

repositories

Credit

Phonebusters

Economic Crime Online (RECOL)

Reporting

Complaint Centers (IFCC)

Internet Fraud

Passport Canada

Law enforcement  
personnel and other organizations that may maintain information  
about you

**Fraud alert notifications** will be sent on your behalf to all three  
credit bureaus and financial institutions when appropriate.

#### Additional Information and Exclusions

Identity Restoration will not apply if the identity theft is the result of  
a dishonest, criminal, malicious, or fraudulent act you, your spouse,  
or your child participated in, directed, or had knowledge of.

discounted rate. A stolen identity event does not include theft or unauthorized or illegal use of your business name, d/b/a, or any other method of identifying your business activity.

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