Mortgage Loan Fraud
Update

Suspicious Activity Report Filings from October 1-December 31, 2009

July 2010

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Introduction

This update to FinCEN's prior Mortgage Loan Fraud (MLF) studies looks at suspicious activity report (SAR) filings from January through December 2009 (CY 2009), with a particular emphasis on the 4th Quarter of CY 2009 (2009 Q4). This report provides information on reported activities, geographic locations, filers and other relevant data for perspectives on filing trends in CY 2009 and 2009 Q4, as well as comparisons to data in 2008 Q4.[1] Tables and illustrations also show filings by state, county, and metropolitan areas during the covered periods.

1. In addition, this report uses a limited amount of data for January to March 2010 (2010 Q1). A future report will include complete data for this period.

Summary of Filings

In CY 2009, filers submitted 67,507 mortgage loan fraud related SARs (MLF SARs), a 4 percent increase over the previous year.[2] In 2009 Q4, MLF SAR filings increased 6 percent over the same period in 2008. Consistent with recent years,[3] 9 percent of all SARs filed in CY 2009 indicated MLF as an activity characterization. However, in 2009 Q4, this proportion rose to 11 percent.

Table 1: Mortgage Loan Fraud SAR Filings Relative to All SAR Filings

	2009 Q4	2008 Q4	CY 2009
All SARs	172,358	197,138	720,309
MLF SARs	18,884	17,736	67,507
MLF SARs as a proportion of all SARs	11%	9%	9%

Compared to other SARs, MLF SARs showed a significant time lapse from the date that the suspicious activity occurred to the date that filers discovered and reported the activity.[4] In CY 2009, 77 percent of MLF SARs reported suspicious activities

2. For purposes of this report, SARs and totals thereof refer only to the Suspicious Activity Report filed by depository institutions (TD F 90-22.47). Related activities reported on the Suspicious Activity Report by Money Services Business (FinCEN 109) and Suspicious Activity Report by Securities and Futures Industries (FinCEN 101) are not included in table or map totals. Percentages throughout this report are rounded to the nearest whole number.
3. On average, MLF SARs constituted 9 percent of all SARs filed during all periods between 2007 Q4 and 2009 Q4. See "*Mortgage Loan Fraud Update,*" published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 16, October 2009 at http://www.fincen.gov/news_room/rp/files/sar_tti_16.pdf, p. 5.
4. Increases are not necessarily indicative of overall increase in mortgage loan fraud (MLF) activities over the noted period, as the volume of SAR filings in any given period does not directly correlate to the number or timing of suspected fraudulent incidents in that period. For an explanation of this filing lag, see FinCEN's March 2009 report, *Mortgage Loan Fraud Connections with Other Financial Crime: An Evaluation of Suspicious Activity Reports Filed by Money Services Businesses, Securities, and Futures Firms, Insurance Companies and Casinos*, at http://www.fincen.gov/news_room/rp/files/mortgage_fraud.pdf.

that occurred more than a year prior to their reporting (Table 2).[5] By contrast, filers reported activities less than a year old in 85 percent of SARs that did not include mortgage loan fraud as a suspected activity.[6]

Table 2: MLF SARs Compared to Other SARs
Periods Elapsed Between Activity and Filing Dates in CY 2009

Period from activity date to reporting date	*MLF SARs*		*All Other SARs (MLF SARs not included)*
0 - 90 days	12%		**53%**
90 days - 180 days	6%		**19%**
180 days - 1 year	6%		**12%**
1 - 2 years	**21%**		8%
2 - 3 years	**30%**		3%
3 - 4 years	**18%**		2%
4 - 5 years	5%		1%
> 5 years	3%		1%

Time lapses for 2009 Q4 MLF SAR filings showed an increasing focus on older suspected fraud activity. In 2009 Q4, 65 percent of reported activities occurred more than 2 years prior to filing compared to 43 percent in 2008 Q4 (Table 3).

Table 3: Mortgage Loan Fraud (MLF) SARs
Time Elapsed from Activity Date to Reporting Date

Time Lapsed	*2009 Q4*	*2008 Q4*	*CY 2009*
0 - 90 days	12%	15%	12%
90 - 180 days	5%	6%	6%
180 days - 1 year	5%	10%	6%
1 - 2 years	12%	27%	**21%**
2 - 3 years	33%	26%	**30%**
3 - 4 years	25%	10%	**18%**
4 - 5 years	6%	4%	5%
> 5 years	2%	3%	3%

5. Calculations for Tables 2 and 3 derive from Part III, line 33 and Part IV, line 50 of the SAR form. SARs with omitted or erroneous filing or activity dates are not represented. [Some figures and percentages in tables are highlighted in bold type to reinforce conclusions made in preceding narrative descriptions.]

6. Due to rounding, sums of figures depicted in tables may not precisely equate to actual totals, and percentages may not aggregate to 100 percent.

For 2008 Q4 filings, a majority of activities occurred 1 to 3 years prior to filing, while the majority of 2009 Q4 filings – 1 year later – occurred 2 to 4 years prior to filing. For both quarters, a majority of reported activities took place between October 2005 and December 2007.[7]

FinCEN previously reported on contributing factors that triggered loan reviews and led to the discovery of more dated suspicious activities.[8] Among these factors was an increasing prevalence of post origination loan reviews by a variety of businesses, other than the lending institution, that were stakeholders or otherwise involved in the detection of suspected mortgage loan fraud. Mortgage loan purchasers and providers of mortgage insurance, certificate insurance, or similar credit enhancement have taken an increasing role in detecting potential fraud or misrepresentations. As widely reported in the media, originating institutions have consequently faced multibillion dollar repurchase demands and denied or contested claims from credit enhancing institutions, leading to increased settlement negotiations and litigation.

Filers have increasingly referenced these secondary transaction parties within MLF SAR narratives, which may help explain the widening gaps between activity and reporting dates. Such references in CY 2009 appeared in more than a third of MLF SAR narratives, while references in 2010 Q1 narratives appeared in nearly half of MLF SAR filings (Table 4).[9]

Table 4: References to Repurchase Demands and Credit Enhancement In Mortgage Loan Fraud SAR Filings

Year	***MLF SARs***	***(A) MLF SARs*** *with references to* ***repurchase demands***	***(B) MLF SARs*** *with references to* ***credit enhancement***	***MLF SARs*** *with references to* ***either (A) or (B)***
2005	25,988	1,731 (7%)	1,497 (6%)	3,112 (12%)
2006	37,457	2,942 (8%)	1,688 (5%)	4,444 (12%)
2007	52,862	4,672 (9%)	2,766 (5%)	7,205 (14%)
2008	65,005	7,910 (12%)	8,022 (12%)	14,332 (22%)
2009	67,507	9,158 (14%)	16,005 (24%)	23,900 (35%)
(2010 Q1)	19,418	2,303 (12%)	7,275 (37%)	9,098 (47%)

7. The appendix to this report provides additional analysis of activity dates with respect to filing dates. Filers indicate the date in which they prepared the SAR in Part IV, field 50. This date may differ from the date when FinCEN receives a SAR.

8. See Filing Trends in Mortgage Loan Fraud Update, February, 2009 at http://www.fincen.gov/mortgagefraud.html.

9. This report does not provide a comprehensive analysis of MLF SARs filed in 2010 Q1.

During all periods in this review, more than 80 percent of MLF SARs involved transactions or attempted transactions for amounts under $500,000. Less than a third of MLF SARs included loss amounts (31 percent in 2009 Q4 and 25 percent in CY 2009). Most of the MLF SARs that reported loss amounts also involved loan amounts under $500,000. Consistent with previous periods, most MLF SARs did not report amounts recovered in the transaction (Table 5).

Table 5: Mortgage Loan Fraud (MLF) SARs Reported Amounts[10] of: (1) Suspicious Activity, (2) Loss Prior to Recovery, and (3) Recovery

		< $100K	*$100K - $250K*	*$250K - $500K*	*$500K - $1M*	*$1M -$2M*	*> $2M*	*Not indicated*
SARs reporting **suspicious activity amounts**	2009 Q4	3,255 (17%)	7,235 (38%)	5,757 (30%)	1,654 (9%)	414 (2%)	313 (2%)	256 (1%)
	2008 Q4	3,050 (17%)	6,379 (36%)	5,302 (30%)	1,955 (11%)	455 (3%)	288 (2%)	307 (2%)
	CY 2009	11,388 (17%)	23,809 (35%)	21,230 (31%)	6,929 (10%)	1,781 (3%)	1,242 (2%)	1,128 (2%)
SARs reporting **loss amounts**	2009 Q4	1,514 (8%)	3,365 (18%)	768 (4%)	174 (1%)	38 -	33 -	12,992 (69%)
	2008 Q4	1,986 (11%)	995 (6%)	391 (2%)	125 (1%)	29 -	22 -	14,188 (80%)
	CY 2009	7,348 (11%)	6,713 (10%)	2,211 (3%)	572 (1%)	130 -	96 -	50,437 (75%)
SARs reporting **recovered amounts**	2009 Q4	23	15	18	5	6	1	18,816
	2008 Q4	30	20	21	5	5	1	17,654
	CY 2009	97	67	55	15	15	3	67,255

10. The amounts of *suspicious activity, loss prior to recovery*, and *recovery* are reported in Part III of the SAR form, on lines 34, 36 and 37. Percentages under 1% are omitted or indicated with a hyphen for this report.

Relationships of Subjects

Filers categorized roughly half of subjects in MLF SARs filed in CY 2009 as "Borrower" and a quarter as "Other."[11] Filers described 10 percent of subjects as "Broker" and 8 percent as "Customer" (Table 6).

Table 6: Mortgage Loan Fraud SAR Subjects Relationship to Reporting Institution

Relationship to Filer[12]	2009 Q4			2008 Q4			CY 2009	
Borrower	15,718	(50%)		15,099	(46%)		50,751	(46%)
Broker	2,114	(7%)		5,169	(16%)		11,234	(10%)
Customer	1,988	(6%)		2,216	(7%)		8,854	(8%)
Appraiser	1,772	(6%)		2,044	(6%)		6,031	(5%)
Employee	186	-		213	-		792	(1%)
Agent	129	-		130	-		476	-
Attorney	67	-		79	-		252	-
Director	57	-		42	-		157	-
Officer	39	-		32	-		154	-
Accountant	29	-		44	-		80	-
Shareholder	3	-		2	-		7	-
Other[13]	7,841	(25%)		6,306	(19%)		25,629	(23%)

11. A filer may report one or more subjects in Part II of the SAR, where applicable. Subject totals in this report represent total name variations rather than unique individuals, without consideration for alternate spellings, aliases, identically named subjects, or those with multiple addresses.
12. The "Relationship of the Subject to the Financial Institution" is reported in Part II, line 30 of the SAR form. For each subject, a filer may report one or more "Relationship of the Subject to the Financial Institution," where applicable.
13. "Other" is a catchall category that is available to filers to report a subject relationship that does not fall under any of those specified in Part II, line 30 of the SAR.

A review of "Other" subject descriptions showed that filers described nearly half of "Other" subjects in CY 2009 as various real estate services professionals (Table 7).

Table 7: Mortgage Loan Fraud SAR Subjects – "Other" Relations to Reporting Institution[14]

Description Reported by Filers	*CY 2009*
Real Estate Services Professional (Loan officer, mortgage broker, realtor, or employee of any)	12,318
Applicant, Borrower, Buyer, Beneficiary	3,459
Seller	2,759
Real Estate Closing Professional (Title agent, escrow company, attorney, etc.)	1,346
Verifier of loan documentation (Notary, employer, tax preparer, landlord, etc.)	1,270
Real Estate Builder, Developer, Property Manager, Investor, Investment Company	710
Appraiser	531
Loan Modification Scammer	114

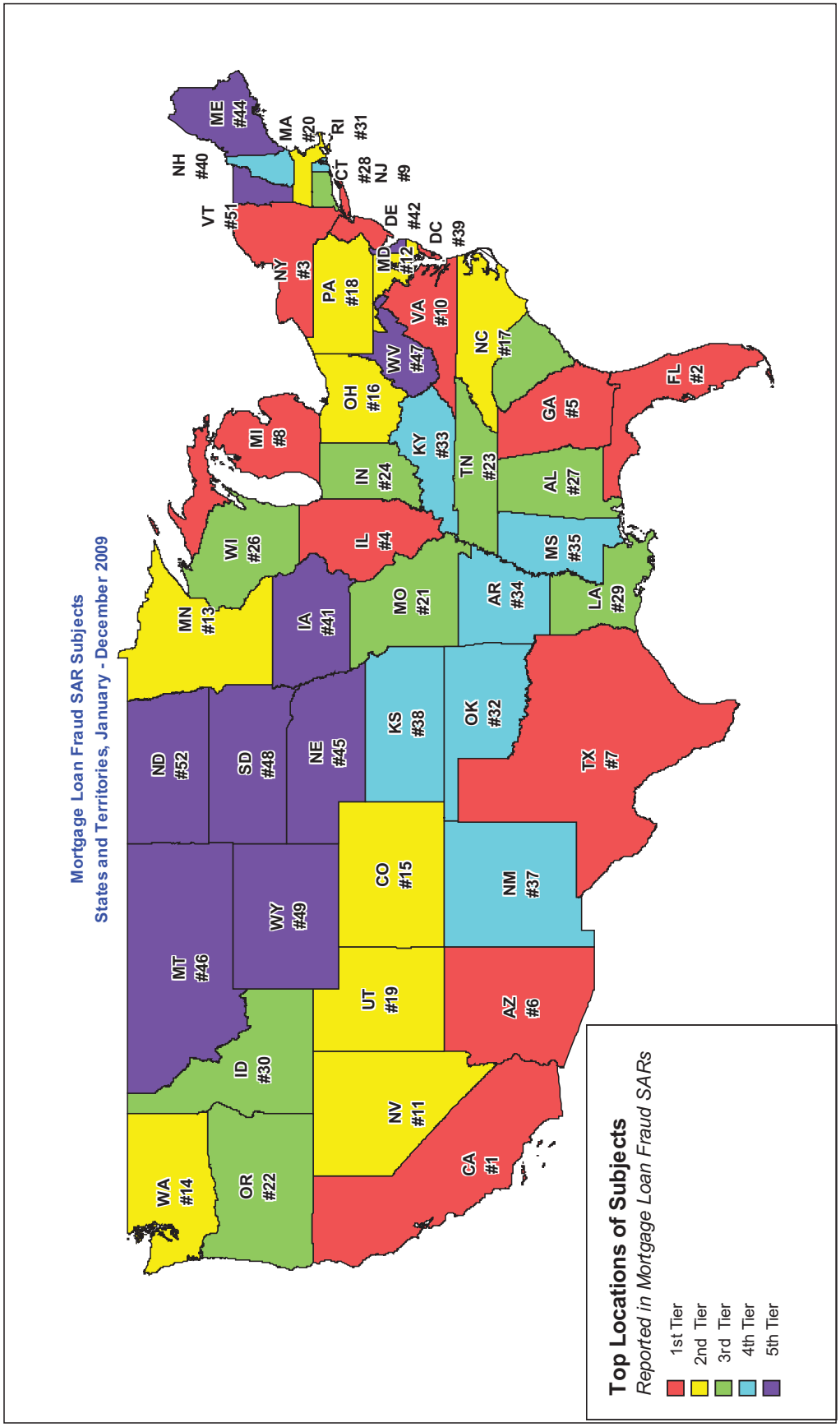
14. Table 7 does not include totals for "other" subject descriptions falling outside these categories.

Subject Locations

California and Florida remained the most common subject state locations (Table 8). At the county level, Los Angeles and Miami-Dade had the most subjects, followed by Cook and Maricopa counties (Table 9). Filers reported, in order, the greater Los Angeles, Miami, New York, Chicago, and Riverside areas as the top Metropolitan Statistical Area (MSA) locations of MLF SAR subjects.

Table 8: Mortgage Loan Fraud SAR Subjects by State Location

2009 Rank	State	2009 Q4	CY 2009		2009 Rank	State	2009 Q4	CY 2009
1	CA	7,745	26,201		27	AL	170	581
2	FL	5,223	18,320		28	ID	157	461
3	NY	1,678	5,620		29	CT	133	543
4	IL	1,662	5,610		30	HI	113	298
5	AZ	1,214	3,949		31	LA	110	475
6	GA	1,036	3,995		32	OK	103	349
7	TX	990	3,759		33	KY	103	312
8	MI	920	3,559		34	KS	84	246
9	NV	821	2,470		35	AR	76	303
10	NJ	770	2,784		36	NM	72	283
11	MD	701	2,369		37	MS	65	299
12	VA	636	2,618		38	RI	63	370
13	WA	603	1,987		39	PR	54	132
14	UT	478	1,326		40	NH	52	182
15	OH	452	1,667		41	DE	48	161
16	CO	448	1,686		42	IA	47	181
17	NC	423	1,411		43	DC	45	193
18	MN	403	2,327		44	NE	41	114
19	PA	398	1,372		45	WV	34	95
20	MO	370	1,198		46	MT	26	109
21	MA	350	1,221		47	ME	25	114
22	OR	312	1,054		48	SD	17	46
23	TN	284	1,046		49	AK	12	38
24	IN	284	1,026		50	WY	12	43
25	WI	252	783		51	VT	6	33
26	SC	221	884		52	ND	6	23


Mortgage Loan Fraud SAR Subjects
States and Territories, January - December 2009
WA #14
OR #22
CA #1
NV #11
ID #30
MT #46
WY #49
UT #19
AZ #6
CO #15
NM #37
ND #52
SD #48
NE #45
KS #38
OK #32
TX #7
MN #13
IA #41
MO #21
AR #34
LA #29
WI #26
IL #4
MS #35
MI #8
IN #24
KY #33
TN #23
AL #27
GA #5
FL #2
OH #16
WV #47
VA #10
NC #17
PA #18
NY #3
MD #12
DE #42
DC #39
VT #51
NH #40
ME #44
MA #20
RI #31
CT #28
NJ #9
Top Locations of Subjects
Reported in Mortgage Loan Fraud SARs
1st Tier
2nd Tier
3rd Tier
4th Tier
5th Tier

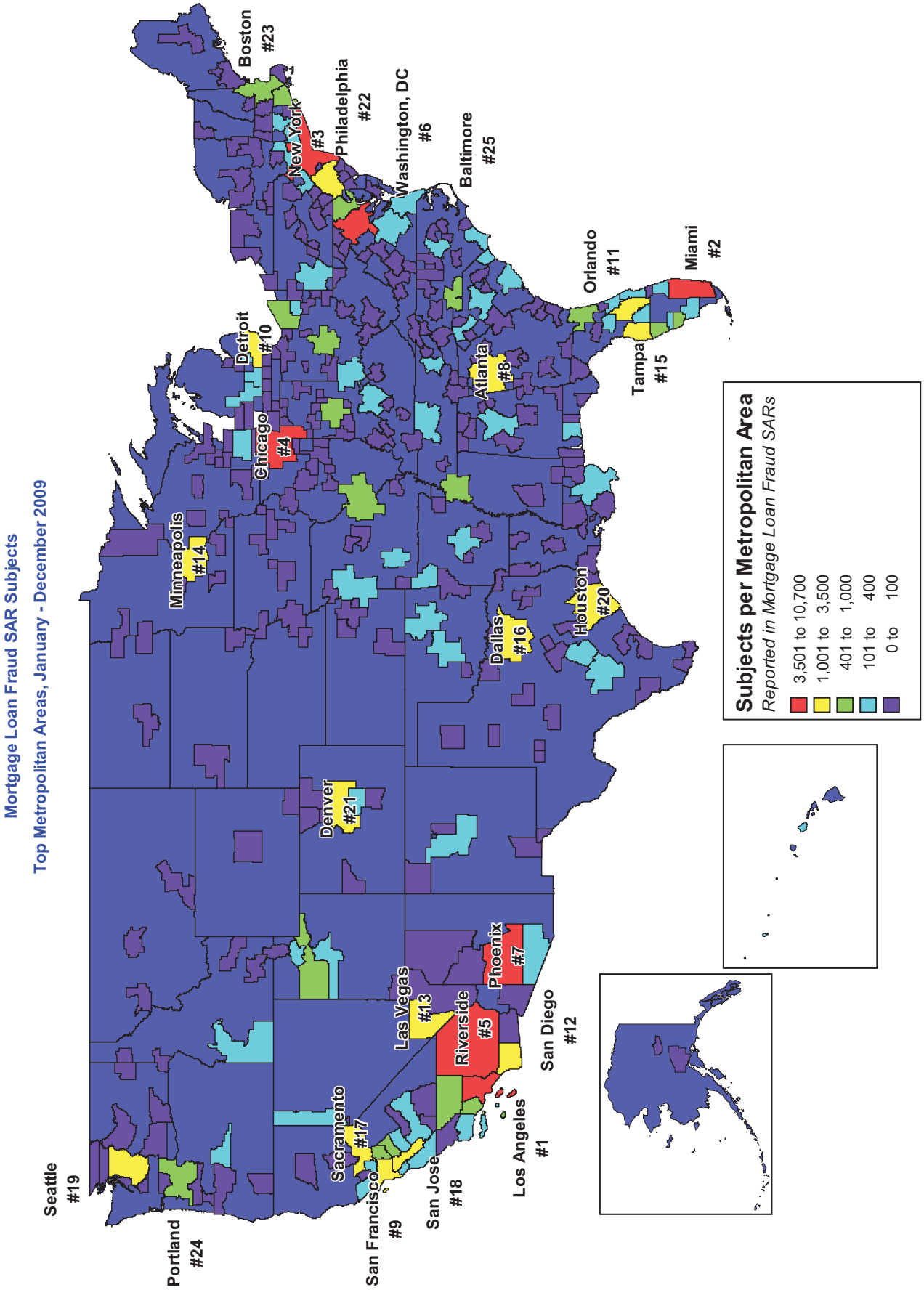

Mortgage Loan Fraud SAR Subjects
Top Metropolitan Areas, January - December 2009
Boston #23
New York #3
Philadelphia #22
Washington, DC #6
Baltimore #25
Orlando #11
Miami #2
Tampa #15
Detroit #10
Atlanta #8
Chicago #4
Minneapolis #14
Houston #20
Dallas #16
Denver #21
Phoenix #7
Las Vegas #13
Riverside #5
San Diego #12
Los Angeles #1
Sacramento #17
San Jose #18
San Francisco #9
Portland #24
Seattle #19
Subjects per Metropolitan Area
Reported in Mortgage Loan Fraud SARs
3,501 to 10,700
1,001 to 3,500
401 to 1,000
101 to 400
0 to 100

Table 9: Mortgage Loan Fraud SAR Subjects Top Counties in CY 2009						
Rank	**County**	**MLF SAR Subjects**		**Rank**	**County**	**MLF SAR Subjects**
1	Los Angeles, CA	7,605		26	Fulton, GA	913
2	Miami-Dade, FL	6,022		27	Suffolk, NY	877
3	Cook, IL	3,785		28	King, WA	817
4	Maricopa, AZ	3,355		29	Dallas, TX	788
5	Orange, CA	3,051		30	Lee, FL	785
6	Broward, FL	2,774		31	Gwinnett, GA	715
7	San Diego, CA	2,267		32	Prince George's, MD	678
8	Clark, NV	2,217		33	Salt Lake, UT	654
9	Riverside, CA	2,075		34	Montgomery, MD	645
10	San Bernardino, CA	1,568		35	DuPage, IL	618
11	Orange, FL	1,534		36	Pinellas, FL	565
12	Santa Clara, CA	1,513		37	Ventura, CA	495
13	Palm Beach, FL	1,293		38	Seminole, FL	486
14	Queens, NY	1,270		39	San Joaquin, CA	483
15	Alameda, CA	1,234		40	DeKalb, GA	481
16	Wayne, MI	1,171		41	Kern, CA	467
17	Hillsborough, FL	1,125		42	Stanislaus, CA	429
18	Hennepin, MN	1,090		43	San Mateo, CA	422
19	Oakland, MI	1,087		44	Cuyahoga, OH	402
20	Sacramento, CA	1,067		45	Cobb, GA	398
21	Contra Costa, CA	1,011		46	Marion, IN	393
22	Fairfax, VA	981		47	Tarrant, TX	385
23	Kings, NY	979		48	Lake, IL	383
24	Nassau, NY	966		49	Essex, NJ	367
25	Harris, TX	925		50	Mecklenburg, NC	358

Table 10: Mortgage Loan Fraud SAR Subjects Top Metropolitan Statistical Areas (MSA)			
CY2009 Rank	**MSA**	**CY 2009 Subjects**	**2009 Q4 Subjects**
1	Los Angeles-Long Beach-Santa Ana, CA	10,656	3,103
2	Miami-Fort Lauderdale-Pompano Beach, FL	10,089	3,003
3	New York-Northern New Jersey-Long Island, NY-NJ-PA	7,214	2,165
4	Chicago-Naperville-Joliet, IL-IN-WI	5,552	1,591
5	Riverside-San Bernardino-Ontario, CA	3,643	1,024
6	Washington-Arlington-Alexandria, DC-VA-MD-WV	3,538	877
7	Phoenix-Mesa-Scottsdale, AZ	3,500	1,051
8	Atlanta-Sandy Springs-Marietta, GA	3,476	875
9	San Francisco-Oakland-Fremont, CA	3,068	831
10	Detroit-Warren-Livonia, MI	2,712	663
11	Orlando-Kissimmee, FL	2,579	646
12	San Diego-Carlsbad-San Marcos, CA	2,267	663
13	Las Vegas-Paradise, NV	2,217	732
14	Minneapolis-St. Paul-Bloomington, MN-WI	2,177	352
15	Tampa-St. Petersburg-Clearwater, FL	1,961	474
16	Dallas-Fort Worth-Arlington, TX	1,691	418
17	Sacramento--Arden-Arcade--Roseville, CA	1,580	474
18	San Jose-Sunnyvale-Santa Clara, CA	1,545	421
19	Seattle-Tacoma-Bellevue, WA	1,342	393
20	Houston-Sugar Land-Baytown, TX	1,280	337
21	Denver-Aurora-Broomfield, CO	1,125	305
22	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,052	303
23	Boston-Cambridge-Quincy, MA-NH	880	282
24	Portland-Vancouver-Beaverton, OR-WA	865	255
25	Baltimore-Towson, MD	792	242
26	Cape Coral-Fort Myers, FL	785	192
27	St. Louis, MO-IL	731	241
28	Salt Lake City, UT	699	219
29	Indianapolis-Carmel, IN	566	144
30	Cleveland-Elyria-Mentor, OH	507	124
31	Oxnard-Thousand Oaks-Ventura, CA	495	166
32	Jacksonville, FL	492	146

Table 10: Mortgage Loan Fraud SAR Subjects Top Metropolitan Statistical Areas (MSA) *continued...*			
CY2009 Rank	***MSA***	***CY 2009 Subjects***	***2009 Q4 Subjects***
33	Stockton, CA	483	133
34	Charlotte-Gastonia-Concord, NC-SC	479	158
35	Bradenton-Sarasota-Venice, FL	479	140
36	Bakersfield, CA	467	123
37	Modesto, CA	429	100
38	Providence-New Bedford-Fall River, RI-MA	427	88
39	Memphis, TN-MS-AR	422	127
40	Columbus, OH	403	109
41	Kansas City, MO-KS	371	122
42	Milwaukee-Waukesha-West Allis, WI	352	102
43	Fresno, CA	341	105
44	Naples-Marco Island, FL	332	84
45	Provo-Orem, UT	325	146
46	Virginia Beach-Norfolk-Newport News, VA-NC	316	87
47	Port St. Lucie, FL	306	86
48	Vallejo-Fairfield, CA	302	85
49	Boise City-Nampa, ID	296	102
50	Nashville-Davidson-Murfreesboro-Franklin, TN	289	70

Reported Activities

Filers most frequently cited "False Statement" as a secondary activity, including this characterization in more than 25 percent of MLF SARs (Table 11).

Table 11: Mortgage Loan Fraud SARs Suspicious Activities Characterizations[15]

Activity	2009 Q4 MLF SARs	2008 Q4 MLF SARs	CY 2009 MLF SARs	Activity	2009 Q4 MLF SARs	2008 Q4 MLF SARs	CY 2009 MLF SARs
Mortgage Loan Fraud	18,884	17,736	67,507	Counterfeit Instrument (other)	29	12	65
False Statement	4,983	4,809	18,144	Counterfeit Check	26	18	60
Identity Theft	706	1,172	2,013	Bribery / Gratuity	8	5	23
Other[16]	400	455	1,654	Mysterious Disappearance	7	5	21
BSA / Structuring / Money Laundering	83	91	353	Credit Card Fraud	5	9	30
Wire Transfer Fraud	78	29	226	Check Kiting	4	6	23
Consumer Loan Fraud	63	135	463	Debit Card Fraud	4	2	6
Misuse of Position or Self-Dealing	60	80	304	Computer Intrusion	1	-	9
Check Fraud	34	42	125	Counterfeit Credit / Debit Card	1	-	4
Commercial Loan Fraud	33	30	155	Terrorist Financing	-	1	1
Defalcation / Embezzlement	32	13	100				

15. The characterization of suspicious activity is reported in Part III, line 35 of the SAR. A filer may report one or more characterizations of suspicious activity in a SAR, where applicable.

16. The characterization of "Other" is a catchall category that is available to filers to report an activity that does not fall under any of those specified in Part III, line 35 of the SAR. For an explanation of the characterization of "Other," see *The SAR Activity Review - Trends, Tips & Issues*, Issue 16, October 2009, Section Two, "Mortgage Loan Fraud Update" found at http://www.fincen.gov/news_room/rp/files/sar_tti_16.pdf.

Loan Modification/Foreclosure Rescue Frauds

As noted in FinCEN's MLF SAR update for 2009 Q3, SAR filings reporting loan modification/foreclosure scam activities increased sharply in 2009 after the issuance of a FinCEN Advisory addressing these activities.[17] FinCEN has since conducted an analysis of a sample of SARs reporting loan modification/foreclosure rescue scams from January 1, 2004, through December 31, 2009. Among the filings in this sample, reports by depository institutions of loan modification/foreclosure rescue scams increased more than 150% in 2009 over the entire preceding 5-year period.[18] On June 17, 2010, FinCEN issued a separate report on its review and analysis of the sample SARs reporting loan modification/foreclosure rescue scams.[19]

Primary Federal Regulatory Agencies Reported in MLF SARs

In 2009 Q4, approximately 435 filers submitted 18,884 MLF SARs, a 6 percent increase in filings over 2008 Q4. During CY 2009, approximately 1,140 institutions filed 67,507 MLF SARs, a 4 percent increase in filings over CY 2008.

Filers that indicated the Office of the Comptroller of the Currency (OCC) as their primary Federal regulatory authority submitted 80 percent of MLF SARs during 2009 Q4 and 69 percent throughout CY 2009 (Table 12). This is a significant increase relative to corresponding filings in 2008 Q4 (54 percent). These filers comprised 18 percent of all institutions that filed MLF SARs during 2009 Q4, and 16 percent that filed during the calendar year.

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17. See FinCEN Advisory FIN-2009-A001, dated April 6, 2009, *Guidance to Financial Institutions on Filing Suspicious Activity Reports regarding Loan Modification/Foreclosure Rescue Scams*, http://www.fincen.gov/statutes_regs/guidance/html/fin-2009-a001.html. See also FinCEN's February 2010 MLF report, *Mortgage Loan Fraud Update, Suspicious Activity Report Filings from July 1 – September 30, 2009*, http://www.fincen.gov/news_room/nr/html/20100218.html.
18. As noted in footnote 2, filing dates do not necessarily indicate activity dates.
19. See *Loan Modification and Foreclosure Rescue Scams – Evolving Trends and Patterns in Bank Secrecy Act Reporting*, http://www.fincen.gov/news_room/nr/html/20100617.html.

Filers that indicated the Federal Deposit Insurance Corporation (FDIC) as their primary Federal regulatory authority submitted 3 percent of MLF SARs during both 2009 Q4 and CY 2009. For the quarter, these filers comprised 34 percent of all institutions that filed MLF SARs, and 37 percent for the calendar year.

Filers that indicated the Office of Thrift Supervision as their primary Federal regulatory authority showed the most significant quarterly decrease in filings, submitting 7 percent of MLF SARs in 2009 Q4, down from 22 percent in 2008 Q4.

Table 12: Mortgage Loan Fraud SARs Reported Primary Federal Regulators

		OCC	FRB	OTS	FDIC	NCUA	FHFA[20]
2009 Q4	Total MLF SARs indicating Primary Regulator	15,183 *(80%)*	1,673 *(9%)*	1,239 *(7%)*	502 *(3%)*	70 -	199 *(1%)*
2008 Q4		9,566 *(54%)*	2,918 *(16%)*	3,949 *(22%)*	380 *(2%)*	196 *(1%)*	701 *(4%)*
CY 2009		46,854 *(69%)*	8,559 *(13%)*	8,681 *(13%)*	2,023 *(3%)*	445 *(1%)*	859 *(1%)*
2009 Q4	Total Filers Indicating Primary Regulator[21]	79 *(18%)*	72 *(17%)*	85 *(20%)*	150 *(34%)*	41 *(9%)*	-
2008 Q4		84 *(19%)*	65 *(15%)*	105 *(24%)*	125 *(29%)*	47 *(11%)*	-
CY 2009		180 *(16%)*	162 *(14%)*	171 *(15%)*	417 *(37%)*	181 *(16%)*	-

20. The Federal Housing Finance Agency (FHFA), which is the Federal regulator for Fannie Mae and Freddie Mac, has established a process for the companies to report possible mortgage fraud to FHFA, which in turn files with FinCEN.

21. Filer counts are based on unique filer Employer Identification Numbers (EINs) reported in the SARs. As some businesses may use the same EIN for multiple branches or process all SARs at centralized locations for the entire organization, the total does not represent individual branch locations involved in detecting suspicious activities.

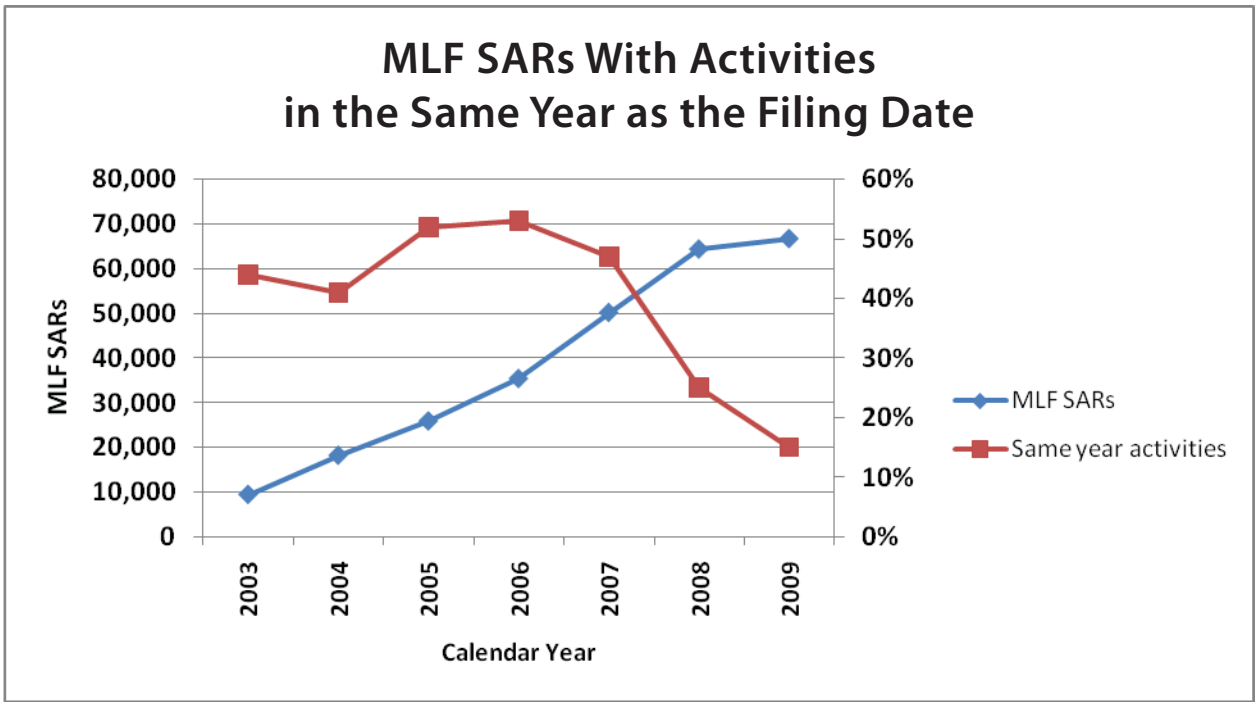
Conclusion

FinCEN continues to monitor MLF SARs to report trends and identify potential illicit activities. Future reports will further dissect SAR data on a geographic basis with respect to more current activities. Aside from the mortgage fraud reports, FinCEN will expand its efforts with law enforcement partners to further examine the impact of SARs detailing older activities and their impact on investigations.

Appendix

In March 2009, FinCEN published a report describing MLF SAR filings based on reported activity dates[22] and filing dates.[23] This appendix updates that report through December 2009.

From 2003 to 2007, nearly half of all MLF SARs included activity dates in the same calendar year as the filing date. While overall MLF SARs have increased, filers submitted fewer reports in CY 2008 and 2009 indicating same year activities, with such filings decreasing to 25 and 15 percent respectively. The following chart and table detail this change.



22. See *Mortgage Loan Fraud Connections with Other Financial Crime: An Evaluation of Suspicious Activity Reports Filed by Money Services Businesses, Securities and Futures Firms, Insurance Companies and Casinos*, March 2009, p. 5, at http://www.fincen.gov/news_room/rp/files/mortgage_fraud.pdf.

23. Filers indicate the date in which they prepared the SAR in Part IV, field 50. This date differs from the date when FinCEN receives a SAR. As previous tables draw on the latter date, annual totals in this section differ slightly from earlier sections.

Table 13: MLF SAR Filings Reporting Activity in the Same Calendar Year		
Calendar Year	***MLF SARs (Calculated by Filing Date)[24]***	***MLF SAR-DIs Reporting Same Year Activities***
2003	9,342	4,066 (44%)
2004	18,139	7,474 (41%)
2005	25,825	13,322 (52%)
2006	35,360	18,680 (53%)
2007	50,180	23,495 (47%)
2008	64,417	16,203 (25%)
2009	66,760	10,340 (15%)

24. See previous note.

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