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Hundreds swept up in mortgage fraud arrests

By KEVIN JOHNSON and USA TODAY · WASHINGTON

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At least 300 mortgage fraud suspects allegedly linked to an estimated \$1 billion in losses have been arrested since March 1 as part of the Justice Department's mounting inquiry into the national home loan crisis, top federal officials said Thursday.

The national sweep, dubbed 'Operation Malicious Mortgage,' targeted attorneys, real estate agents, developers, loan brokers and appraisers who allegedly profited from housing scams across the country, Deputy Attorney General Mark Filip and FBI Director Robert Mueller said.

Mueller said the alleged fraud, including the use of inflated appraisals and forged documents, represented a "significant threat" to U.S. financial markets.

"Our obligation is to protect the consumer and stabilize the economic markets," Mueller told reporters at a Justice Department briefing.

Some 406 people have been charged in the operation and investigators were still making arrests Thursday.

As the arrests were announced, separate charges were unsealed in New York against two Bear Stearns hedge fund managers accused of fraud and conspiracy related to their marketing of securities, contributing to the collapse of the home loan industry.

"Mortgage fraud and related securities fraud pose a significant threat to our economy, to the stability of our nation's housing market and to the peace of mind of millions of American homeowners," Filip said.

Across the country, reports of mortgage fraud have multiplied as the subprime mortgage market collapsed and defaults and foreclosures soared. Last month, the FBI said mortgage fraud allegations rose 31% to 46,717 in the fiscal year ended Oct. 31. In the first half of the 2008 fiscal year, there were already more than 43,458 such reports.

Mueller said the FBI is re-deploying agents to keep pace. He said 48 of the bureau's 56 U.S. field offices were involved in the arrests announced Thursday.

Apart from the individual cases announced Thursday, Mueller said the bureau is investigating 19 corporations that are suspected of contributing to the lending crisis. The FBI director declined to identify the companies or the specific allegations.

"The focus (on mortgage fraud) is very real," Filip said. "It's a very real law enforcement issue. It's a very real issue for the American people."

One law enforcement official put losses to homeowners and other borrowers who were victims in the schemes at more than \$1 billion.

Banks reported nearly 53,000 cases of suspected mortgage fraud last year, up from more than 37,000 a year earlier and about 10 times the level of reports in 2001 and 2002, according to the Treasury Department's Financial Crimes Enforcement Network.

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The most common type of mortgage fraud is misstatement of income or assets, followed by forged documents, inflated appraisals and misrepresentation of a buyer's intent to occupy a property as a primary residence.

Over the past several months, the FBI has been investigating an estimated 1,300 mortgage fraud cases — including 19 involving subprime lending practices by U.S. financial institutions.

The Justice Department also is expected to ask Congress for more money to help combat mortgage fraud as part of a larger funding request to curb white collar crime and violent crime.

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President-elect [Donald Trump](#) is at his estate and golf club in Bedminster, New Jersey, this weekend for a string of appointments with high-profile figures, including the former [GOP presidential](#) nominee and governor of Massachusetts, [Mitt Romney](#).

On Sunday morning, Trump tweeted, "Numerous patriots will be coming to Bedminster today as I continue to fill out the various positions necessary to MAKE AMERICA GREAT AGAIN!"



Donald J. Trump 
@realDonaldTrump 

Numerous patriots will be coming to Bedminster today as I continue to fill out the various positions necessary to MAKE AMERICA GREAT AGAIN!

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On Saturday, Romney arrived for his meeting with Trump and members of his transition team at the Trump National Golf Club about 1 p.m. and left shortly before 2:30 p.m.

As he and Trump emerged from the meeting, the president-elect did not approach the press, but, responding to shouted questions, told reporters the meeting "went great."

But a readout released by the transition team late Saturday said Trump and Romney "had a substantive and in-depth conversation about world affairs, national security and the future of America. It was an extremely positive and productive conversation."

Romney made a brief statement to the media, saying the meeting focused on foreign affairs. He said he "looks forward" to a Trump administration, but would not comment on whether he wants to be a part of it.

"We had a far-reaching conversation with regard to the various theaters in the world where there are interests of the United States of real significance. We discussed those areas and exchanged our views on those topics," Romney said.

Romney did not respond to shouted questions regarding potential cabinet positions and would not answer questions regarding his previous statements calling Trump a "con man" and a "fraud."

Sources on Trump's transition team told ABC News on Thursday that Romney, the 2012 Republican presidential nominee, is under consideration for secretary of state. One senior-level source directly involved in the transition efforts said that Saturday's meeting is also about "mending fences," as Trump and Romney have had a contentious relationship.

Trump also met with well-known education activist Michelle Rhee and her husband, Kevin Johnson, mayor of Sacramento; Betsy DeVos, another education activist; and with retired Marine Corps Gen. James Mattis.

Meetings were also set with [Chicago Cubs](#) co-owner Todd Ricketts; anti-poverty advocate Bob Woodson; restaurant executive Andy Puzder; [Republican National Committee](#) finance chair Lew Eisenberg; and biotechnology billionaire Patrick Soon-Shiong, according to transition officials.

After the meeting with Mattis, who is viewed as a possible contender to be nominated for defense secretary, Trump said, "He is the real deal, a brilliant wonderful man, what a career. We'll see what happens. He is the real deal."

And according to the readout, Trump and Mattis "had an incredibly in-depth conversation on plans for national security. The discussion included ISIS, the Middle East, North Korea, China, NATO and other hotspots around the world."

Rhee is a possible contender for nomination as education secretary. The transition team's readout said she and Trump "enjoyed an in-depth discussion about the future of public education in our country. This included the possibility for increasing competition through charter and choice schools. They also brought the idea of merit pay for teachers going above and beyond in their classrooms into the conversation."

As for DeVos, the readout said the conversation was "focused on the Common Core mission, and setting higher national standards and promoting the growth of school choice across the nation."

Of the meeting with Ricketts, the readout said the conversation "involved domestic commerce, ingenuity and growth for our country. Discussions on tax reform regulations and entrepreneurial initiatives were also included."

Trump and Pence "had a great discussion with Mr. Bob Woodson regarding community-based developments and opportunity," the readout stated. "They also discussed plans to strengthen neighborhoods across America and faith-based initiatives."

Regarding Puzder, the meeting focused on "regulations, labor reforms, and freeing up small business loans for new and innovative business ventures," according to the readout. "Discussion on international trade was also included."

In the meeting with Eisenberg, Trump and Pence "discussed plans for America First initiatives, bringing Made in America manufacturing to the forefront and improving infrastructure," said the readout.

Dr. Soon-Shiong joined Trump and Pence for dinner, during which they "discussed innovation in the area of medicine and national medical priorities that need to be addressed in our country," according to the readout.



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