



Mortgage Loan Fraud Update

Suspicious Activity Report Filings
from January 1-March 31, 2010



December 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 March 2010. It provides new information on reporting activities, geographic locations, and other filing trends. Tables and illustrations of various geographies provide a breakdown of activities according to reports by activity date of recent activities versus older activities. Tables covering non-geographic aspects of 2010 first quarter (Q1) filings are compared with filings from the same period in 2009.

Summary of Filings

In 2010 Q1, filers submitted 19,418 Mortgage Loan Fraud SARs (MLF SARs),¹ a 21 percent increase over the same period in 2009.² Twelve percent of all SARs filed in 2010 Q1 indicated MLF as an activity characterization, a higher percentage than in recent years.³

Table 1: Mortgage Loan Fraud SAR Filings Relative to All SAR Filings			
	2010 Q1	2009 Q1	% Change
MLF SARs	19,418	16,090	21%
All SARs	168,789	192,101	-12%
MLF SARs as a proportion of all SARs	12%	8%	37%

1. 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.
2. Filing increases are not necessarily indicative of an 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 further explanation, 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.
3. MLF SARs have constituted 9 percent of all SARs since 2007 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, page 5.

Time lapses between filing and activity dates in 2010 Q1 MLF SAR filings showed an increasing focus on older activities. In 2010 Q1, 78 percent of reported activities occurred more than 2 years prior to filing, compared to 44 percent in 2009 Q1 (Table 2).

Table 2: Mortgage Loan Fraud (MLF) SARs Time Elapsed from Activity Date to Reporting Date ⁴		
Time Lapsed	2010 Q1	2009 Q1
0 - 90 days	10%	9%
90 - 180 days	3%	4%
180 days - 1 year	3%	6%
1 - 2 years	6%	25%
2 - 3 years	27%	22%
3 - 4 years	38%	10%
4 - 5 years	9%	2%
> 5 years	4%	3%

For 2009 Q1 filings, a majority of activities occurred 1 to 3 years prior to filing, while nearly 80 percent of 2010 Q1 filings occurred more than 2 years prior to filing. For both quarters, a majority of reported activities took place between January 2006 and March 2008.

FinCEN has previously reported on contributing factors that triggered loan reviews and led to the discovery of more dated suspicious activities.⁵ Among these factors was an increase in post origination loan reviews by a variety of businesses, besides the lending institution, that were stakeholders or otherwise involved in the detection of suspected mortgage loan fraud. Mortgage loan purchasers and providers of

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- Calculations for Table 2 derive from Part III, Field 33 and Part IV, Field 50 of the depository institution SAR form. Table 2 totals are based on activity commencement dates. SARs with omitted or erroneous filing and activity dates are not represented. While Field 33 allows filers to specify both a *commencement date* and an *end date* of suspicious activities, filers did not report an end date in 11 percent of 2010 Q1 MLF SARs. In previous periods, much fewer SARs included this information; hence, totals relying on activity end dates are significantly less comprehensive than those based on start dates. Further, for MLF SARs reporting multiyear activities, filers frequently relate activities involving older loans that the institution continues to hold. In numerous other reports, filers related older suspected frauds that the filer detected when the same borrower applied for a more recent loan with conflicting information on the loan application, hence their inclusion of more recent activity end dates. For these reasons, calculations herein use the activity start date rather than the activity end date.
 - See *Filing Trends in Mortgage Loan Fraud Update*, February, 2009 at http://www.fincen.gov/news_room/nr/pdf/20090225a.pdf.

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.

During all periods in this review, more than 80 percent of MLF SARs involved *suspicious activity amounts* under \$500,000. Less than a quarter of MLF SARs included *loss amounts* (24 percent in 2010 Q1 and 19 percent in 2009 Q1); most of these amounts were also under \$500,000.⁶ Consistent with previous periods, only a handful of MLF SARs (52 filings) include recovered amounts.

Table 3: Mortgage Loan Fraud (MLF) SARs Reported Amounts of: (1) Suspicious Activity and (2) Loss Prior to Recovery ⁷								
		< \$100K	\$100K - \$250K	\$250K - \$500K	\$500K - \$1M	\$1M - \$2M	> \$2M	Not indicated
(1) SARs reporting suspicious activity amounts		4,965	6,326	5,514	1,657	406	312	238
	2010 Q1	26%	33%	28%	9%	2%	2%	1%
	2009 Q1	15%	34%	32%	12%	3%	2%	3%
(2) SARs reporting loss amounts		2,326	1,521	704	154	27	21	14,665
	2010 Q1	12%	8%	4%	1%	-	-	76%
	2009 Q1	10%	5%	3%	1%	-	-	81%

6. Filers indicated recovery amounts in only 52 mortgage loan fraud SARs. Consequently this information is not included in Table 3. Percentages under 1% are omitted or indicated with a hyphen in this report.

7. The amount of suspicious activity, loss prior to recovery, and recovery are reported in Part III of the SAR form, Fields 34, 36 and 37.

Relationships of Subjects

Filers categorized roughly half of subjects in 2010 Q1 as “Borrower” and a quarter as “Other.”⁸ In addition, filers described 8 percent as “Broker” and 4 percent as “Customer” (Table 4).

Table 4: Mortgage Loan Fraud SAR Subjects Relationship to Reporting Institution			
<i>Relationship to Filer⁹</i>	2010 Q1		2009 Q1
Borrower	17,172	(54%)	13,289 (44%)
Broker	2,581	(8%)	4,878 (16%)
Customer	1,371	(4%)	1,877 (6%)
Appraiser	1,484	(5%)	1,811 (6%)
Employee	172	(1%)	250 (1%)
Agent	170	(1%)	111 -
Attorney	60	-	71 -
Director	38	-	61 -
Officer	40	-	30 -
Accountant	9	-	17 -
Shareholder	1	-	- -
Other ¹⁰	7,597	(24%)	6,621 (22%)

8. 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.
9. The “Relationship of the Subject to the Financial Institution” is reported in Part II, Field 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.
10. “Other” is a catchall category that is available to filers to report a relationship that does not fall under any of those specified in Part II, Field 30 of the SAR.

Subject Locations

To provide more relevant information on hot spots, the following tables rank states, counties and metropolitan areas based on number of subjects in Q1 SARs with suspicious activity dates before and after January 1, 2008. The state and metropolitan area tables and maps also show rankings based on numbers of subjects per capita, to highlight areas where MLF activity is greater relative to the population size.

By State

Regardless of activity dates, California and Florida were the most common state locations of reported subjects. New York and New Jersey rose in the rankings based on more recent activities, while Arizona and Illinois fell in the rankings (Table 5).

Nevada had the highest number of MLF filings per capita, followed by Florida, California and the District of Columbia (Table 5).

Table 5: Mortgage Loan Fraud SAR Filings in 2010 Q1 ¹¹ Subjects by State					
State	Activity Earlier than January 1, 2008 ¹²	Activity On or After January 1, 2008 ¹³	All MLF SARs Filed in 2010 Q1 ¹¹	Rank by Total MLF Subjects (After January 1, 2008) ¹³	Rank by MLF Subjects Per Capita (After January 1, 2008) ¹³
NV	760	133	893	14	1
FL	4,588	930	5,518	2	2
CA	5,966	1,633	7,599	1	3
DC	32	21	53	37	4
GA	687	353	1,040	5	5
AZ	1,029	244	1,273	9	6
UT	289	95	384	24	7
WA	525	235	760	10	8

11. Based on MLF SARs filed during 2010 Q1.

12. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form earlier than January 1, 2008.

13. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form on or after January 1, 2008.

Financial Crimes Enforcement Network

State	Activity Earlier than January 1, 2008¹²	Activity On or After January 1, 2008¹³	All MLF SARs Filed in 2010 Q1¹¹	Rank by Total MLF Subjects (After January 1, 2008)¹³	Rank by MLF Subjects Per Capita (After January 1, 2008)¹³
IL	1,333	452	1,785	4	9
MD	593	205	798	11	10
NJ	550	280	830	7	11
NC	246	137	383	13	12
NY	935	539	1,474	3	13
ID	103	42	145	29	14
HI	79	36	115	32	15
OR	248	101	349	22	16
DE	43	22	65	36	17
SC	135	108	243	19	18
CO	374	116	490	16	19
VA	598	192	790	12	20
MI	792	249	1,041	8	21
WI	157	131	288	15	22
RI	56	23	79	35	23
MN	415	110	525	18	24
MO	239	108	347	19	25
IN	219	100	319	23	26
MT	18	15	33	43	27
MS	40	40	80	31	28
TN	194	82	276	25	29
TX	755	295	1,050	6	30
MA	330	78	408	26	31
LA	87	54	141	27	32
WY	10	6	16	47	33
CT	150	41	191	30	34
AL	110	52	162	28	35
NH	33	15	48	43	36
NE	36	19	55	41	37
NM	57	21	78	37	38
OH	345	115	460	17	39
PA	290	102	392	21	40

Financial Crimes Enforcement Network

State	Activity Earlier than January 1, 2008¹²	Activity On or After January 1, 2008¹³	All MLF SARs Filed in 2010 Q1¹¹	Rank by Total MLF Subjects (After January 1, 2008)¹³	Rank by MLF Subjects Per Capita (After January 1, 2008)¹³
KS	65	21	86	37	41
ME	29	10	39	46	42
OK	54	26	80	34	43
AR	64	20	84	40	44
WV	18	12	30	45	45
KY	72	27	99	33	46
IA	42	18	60	42	47
AK	6	3	9	48	48
SD	10	3	13	48	49
VT	5	1	6	50	50
ND	2	0	2	51	51

By Metropolitan Statistical Area

Within metropolitan areas, subject locations varied significantly based on suspicious activity dates. The New York metropolitan area ranked highest in MLF subject count, followed by Los Angeles, Miami and Chicago based on activities after January 1, 2008. For activities before January 1, 2008, Miami ranked highest, followed by Los Angeles, Chicago and New York.

Within the 50 most populous metropolitan areas, Miami ranked highest in terms of subjects per capita after January 1, 2008, followed by Las Vegas, Riverside and San Jose, CA.

Table 6: Mortgage Loan Fraud SAR Filings in 2010 Q1¹⁴ Subjects in the 50 Largest Metropolitan Statistical Areas (MSAs)¹⁵					
Metropolitan Area	Activity Earlier than January 1, 2008¹⁶	Activity On or After January 1, 2008¹⁷	All MLF SARs Filed in 2010 Q1¹⁴	Rank by Total MLF Subjects (After January 1, 2008)¹⁷	Rank by MLF Subjects Per Capita (After January 1, 2008)¹⁷
Miami-Fort Lauderdale-Pompano Beach, FL	2,555	556	3,111	3	1
Las Vegas-Paradise, NV	664	124	788	12	2
Riverside-San Bernardino-Ontario, CA	906	264	1,170	6	3
San Jose-Sunnyvale-Santa Clara, CA	303	108	411	16	4
Los Angeles-Long Beach-Santa Ana, CA	2,175	708	2,883	2	5

14. Based on MLF SARs filed during 2010 Q1.

15. Metropolitan Statistical Areas (MSAs) are defined by U.S. Census Bureau at <http://www.census.gov/population/www/metroareas/lists/2008/List1.txt>.

16. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form **earlier** than January 1, 2008.

17. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form on or **after** January 1, 2008.

Metropolitan Area	Activity Earlier than January 1, 2008¹⁶	Activity On or After January 1, 2008¹⁷	All MLF SARs Filed in 2010 Q1¹⁴	Rank by Total MLF Subjects (After January 1, 2008)¹⁷	Rank by MLF Subjects Per Capita (After January 1, 2008)¹⁷
Orlando-Kissimmee, FL	613	113	726	14	6
Atlanta-Sandy Springs-Marietta, GA	570	283	853	5	7
Milwaukee-Waukesha-West Allis, WI	63	77	140	23	8
Seattle-Tacoma-Bellevue, WA	372	165	537	11	9
Phoenix-Mesa-Scottsdale, AZ	877	209	1,086	8	10
Salt Lake City, UT	148	54	202	29	11
Washington-Arlington-Alexandria, DC-VA-MD-WV	851	260	1,111	7	12
Chicago-Naperville-Joliet, IL-IN-WI	1,312	442	1,754	4	13
Detroit-Warren-Livonia, MI	611	190	801	9	14
San Francisco-Oakland-Fremont, CA	721	166	887	10	15
New York-Northern New Jersey-Long Island, NY-NJ-PA	1,288	732	2020	1	16
Sacramento--Arden-Arcade--Roseville, CA	335	81	416	20	17
San Diego-Carlsbad-San Marcos, CA	490	111	601	15	18
Tampa-St. Petersburg-Clearwater, FL	469	93	562	18	19
Indianapolis-Carmel, IN	108	59	167	27	20

Metropolitan Area	Activity Earlier than January 1, 2008¹⁶	Activity On or After January 1, 2008¹⁷	All MLF SARs Filed in 2010 Q1¹⁴	Rank by Total MLF Subjects (After January 1, 2008)¹⁷	Rank by MLF Subjects Per Capita (After January 1, 2008)¹⁷
Portland-Vancouver-Beaverton, OR-WA	191	74	265	24	21
Minneapolis-St. Paul-Bloomington, MN-WI	380	100	480	17	22
St. Louis, MO-IL	155	79	234	22	23
Baltimore-Towson, MD	161	71	232	25	24
Virginia Beach-Norfolk-Newport News, VA-NC	52	42	94	30	25
Denver-Aurora-Broomfield, CO	277	59	336	27	26
Memphis, TN-MS-AR	71	30	101	34	27
Charlotte-Gastonia-Concord, NC-SC	82	39	121	31	28
Raleigh-Cary, NC	34	24	58	36	29
New Orleans-Metairie-Kenner, LA	39	24	63	36	30
Dallas-Fort Worth-Arlington, TX	346	120	466	13	31
Kansas City, MO-KS	93	36	129	32	32
Providence-New Bedford-Fall River, RI-MA	98	25	123	35	33
Richmond, VA	66	19	85	42	34
Jacksonville, FL	115	20	135	40	35
Cleveland-Elyria-Mentor, OH	82	31	113	33	36
Nashville-Davidson--Murfreesboro--Franklin, TN	55	23	78	38	37
Birmingham-Hoover, AL	43	16	59	44	38

Metropolitan Area	Activity Earlier than January 1, 2008¹⁶	Activity On or After January 1, 2008¹⁷	All MLF SARs Filed in 2010 Q1¹⁴	Rank by Total MLF Subjects (After January 1, 2008)¹⁷	Rank by MLF Subjects Per Capita (After January 1, 2008)¹⁷
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	209	83	292	19	39
Houston-Sugar Land-Baytown, TX	270	80	350	21	40
Louisville/Jefferson County, KY-IN	41	17	58	43	41
Boston-Cambridge-Quincy, MA-NH	221	61	282	26	42
Austin-Round Rock, TX	44	20	64	40	43
Hartford-West Hartford-East Hartford, CT	35	14	49	46	44
San Antonio, TX	31	22	53	39	45
Oklahoma City, OK	14	13	27	48	46
Columbus, OH	82	15	97	45	47
Buffalo-Niagara Falls, NY	10	7	17	50	48
Pittsburgh, PA	73	14	87	46	49
Cincinnati-Middletown, OH-KY-IN	66	10	76	49	50

By County

At the county level, Los Angeles and Miami-Dade had the most subjects, followed by Cook and Maricopa counties (Table 7). This was true regardless of whether suspicious activities dated earlier than or after January 1, 2008.

Table 7: Mortgage Loan Fraud SAR Subjects in 2010 Q1¹⁸				
Subjects by County				
County	Activity Earlier than January 1, 2008¹⁹	Activity On or After January 1, 2008²⁰	All MLF SARs Filed in 2010 Q1¹⁸	Rank for Activities On or After January 1, 2008²⁰
Los Angeles, CA	1,599	551	2,146	1
Miami-Dade, FL	1,474	334	1,802	2
Cook, IL	856	314	1,165	3
Maricopa, AZ	858	203	1,054	4
Broward, FL	743	161	901	5
Orange, CA	576	157	735	6
San Bernardino, CA	397	133	528	7
Riverside, CA	509	131	639	8
Clark, NV	664	124	785	9
San Diego, CA	490	111	600	10
Kings, NY	224	107	331	11
Santa Clara, CA	292	106	394	12
Queens, NY	182	104	285	13
Nassau, NY	133	97	231	14
King, WA	213	93	305	15
Orange, FL	377	83	455	16
Wayne, MI	238	81	315	17
Fairfax, VA	212	69	288	18
Gwinnett, GA	120	70	185	19
Milwaukee, WI	43	68	111	20

18. Based on MLF SARs filed during 2010 Q1.

19. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form earlier than January 1, 2008.

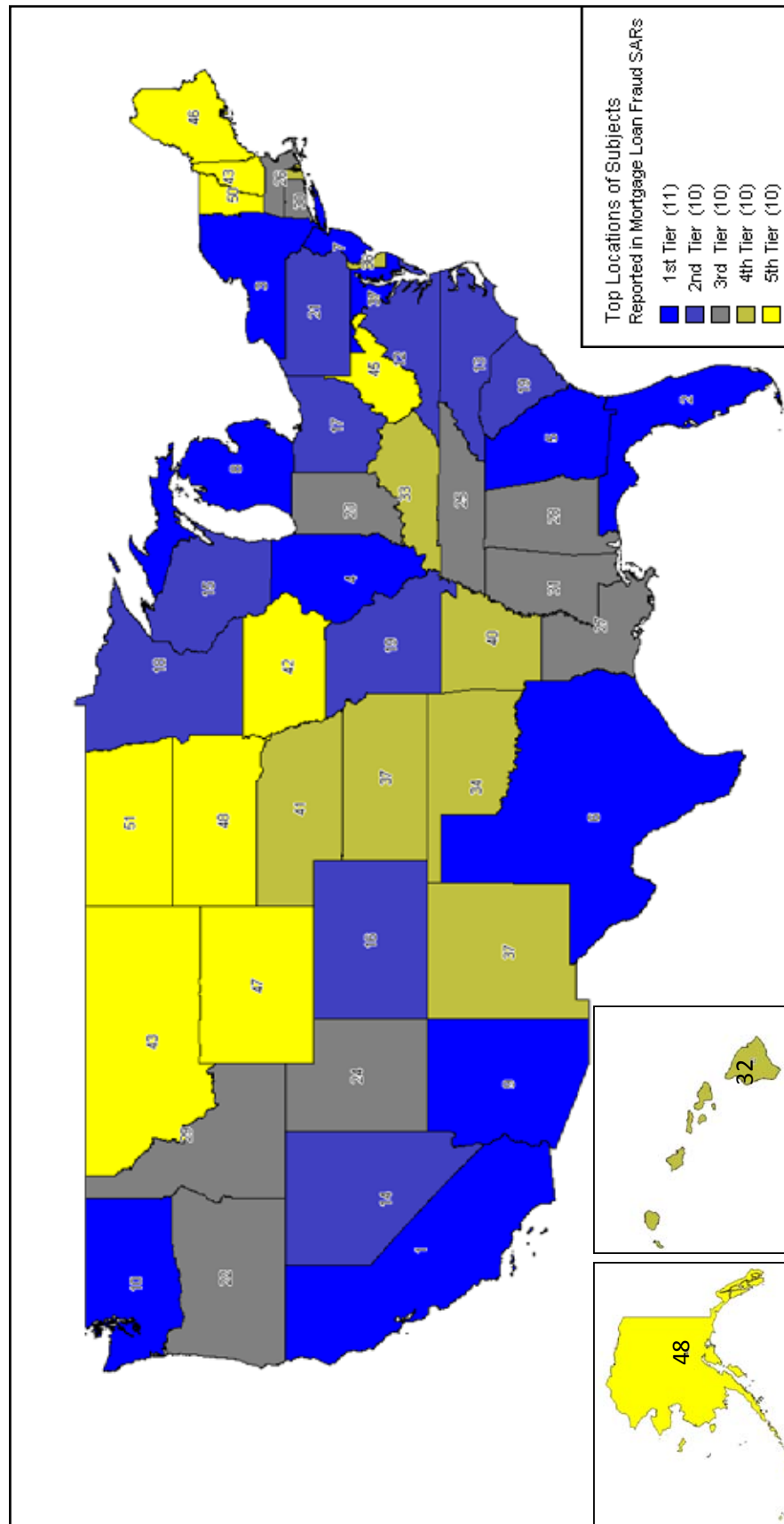
20. Based on MLF SARs filed during 2010 Q1 with suspicious activity date from Part III, Field 33 of the depository institution SAR form on or after January 1, 2008.

County	Activity Earlier than January 1, 2008¹⁹	Activity On or After January 1, 2008²⁰	All MLF SARs Filed in 2010 Q1¹⁸	Rank for Activities On or After January 1, 2008²⁰
Fulton, GA	139	67	206	21
Dallas, TX	167	66	234	22
Alameda, CA	308	66	369	23
Prince George's, MD	172	64	236	25
Oakland, MI	249	63	308	26
Suffolk, NY	144	63	209	27
Palm Beach, FL	338	61	401	28
Hillsborough, FL	238	57	295	29
Sacramento, CA	231	56	287	30
Harris, TX	198	55	253	31
Pierce, WA	87	54	139	32
Salt Lake, UT	138	52	188	33
Hennepin, MN	144	46	189	34
Westchester, NY	43	44	87	35
Marion, IN	56	43	99	36
Montgomery, MD	187	43	227	36
St. Louis, MO	74	43	117	36
DeKalb, GA	78	40	117	39
Contra Costa, CA	206	39	244	40
Cobb, GA	66	38	103	41
Monmouth, NJ	26	35	61	42
Bergen, NJ	63	34	96	43
Horry, SC	23	34	56	43
Macomb, MI	97	33	128	45
New York, NY	32	33	65	45
Ventura, CA	143	32	174	47
Baltimore, MD	48	31	79	48
Essex, NJ	65	31	96	48
San Francisco, CA	64	31	94	48
Union, NJ	44	31	74	48

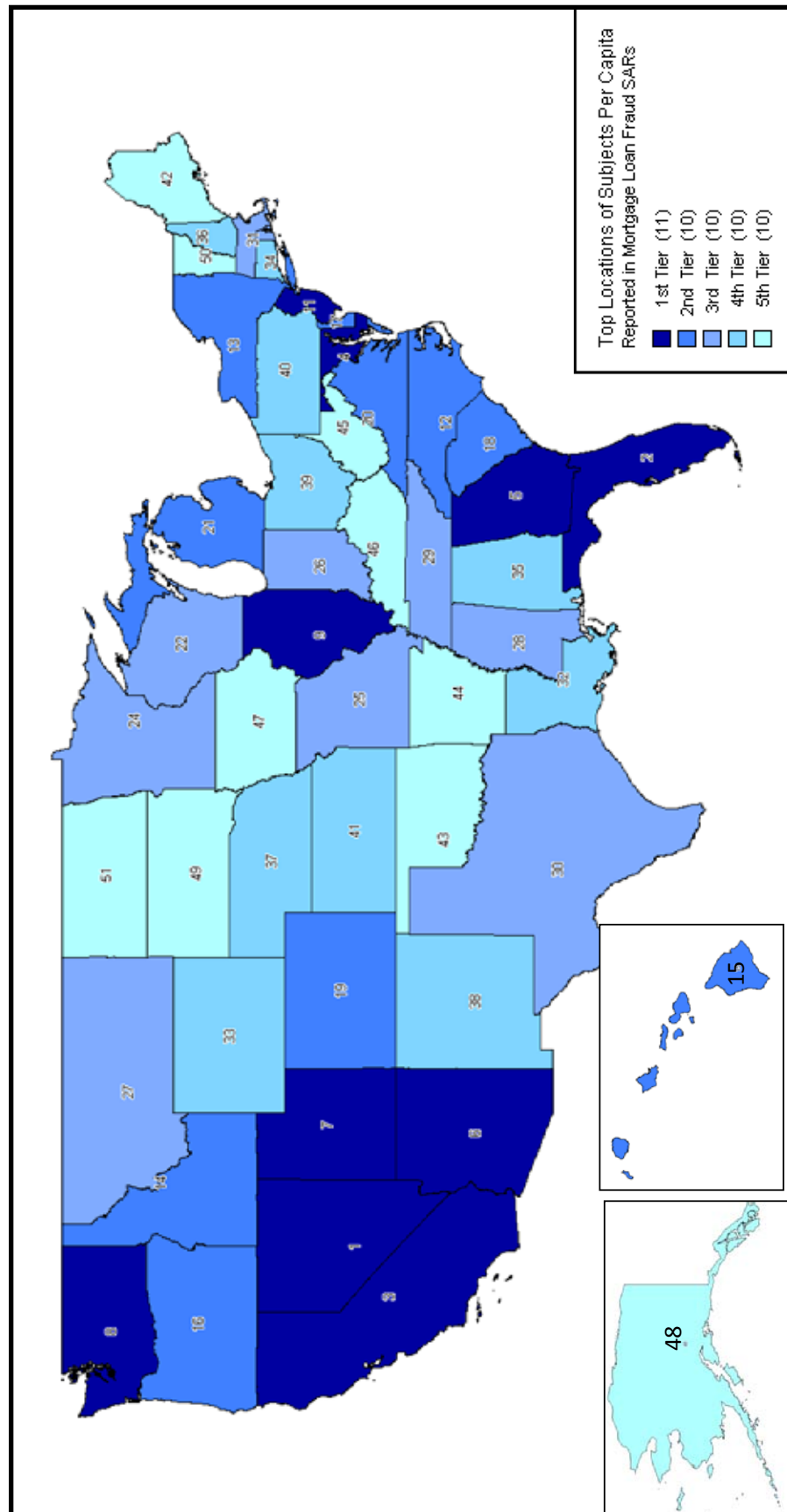
The following maps show mortgage fraud hot spots reported in 2010 Q1 for activities occurring on or after January 1, 2008. Maps show subjects by state and metropolitan area, with hot spots based on the number of subjects and the number of subjects per capita.²¹

21. Numeric ranges presented in the metropolitan area maps may vary from quarter to quarter based on the number of MLF SARs submitted by filers.

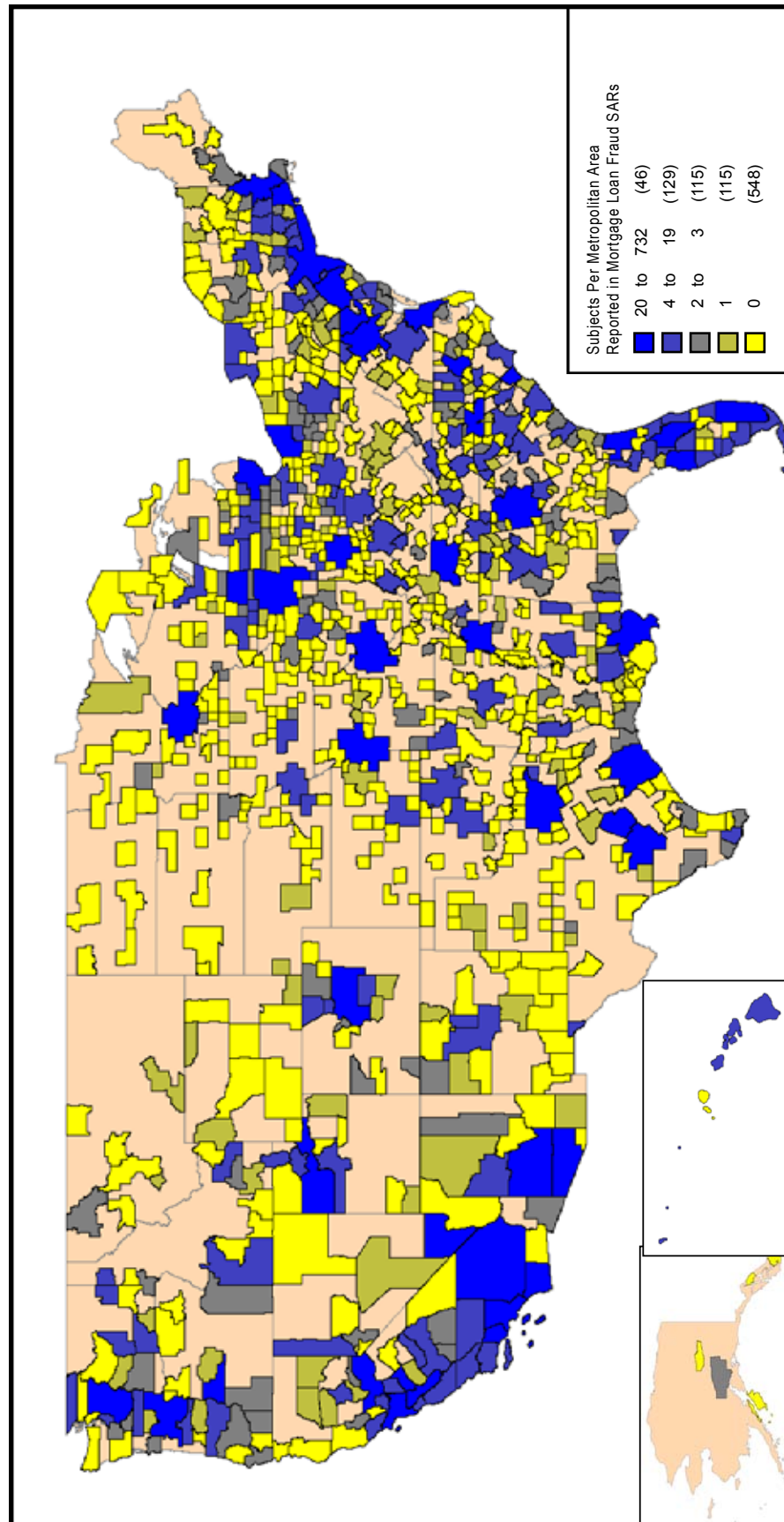
*Mortgage Loan Fraud SAR Subjects
State Locations, January – March, 2010*



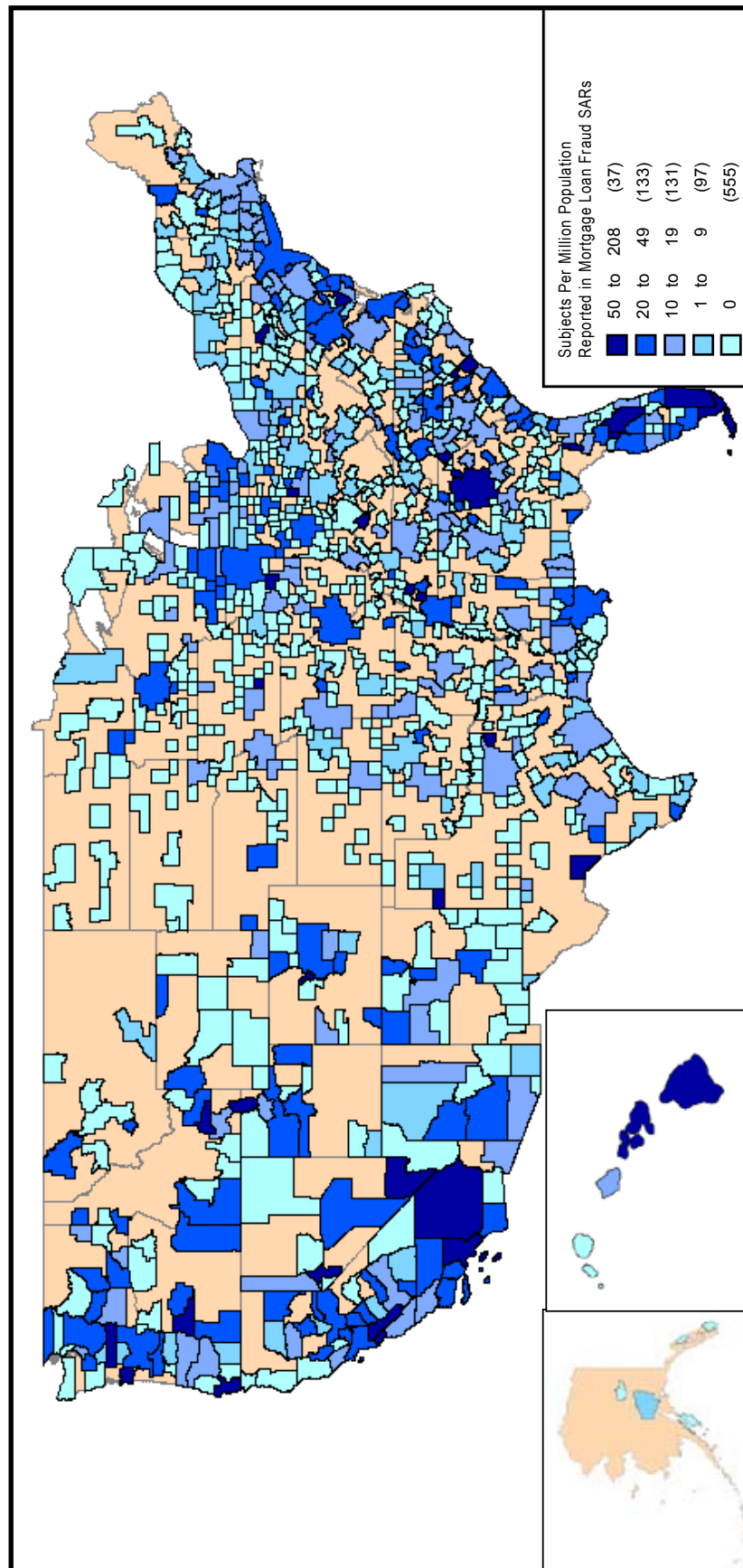
*Mortgage Loan Fraud SAR Subjects Per Capita
State Locations, January – March, 2010*



*Mortgage Loan Fraud SAR Subjects
Top Metropolitan Areas, January – March, 2010*



*Mortgage Loan Fraud SAR Subjects Per Capita
Top Metropolitan Areas, January – March, 2010*



Reported Activities

Filers most frequently cited “False Statement” as another listed activity, including this characterization in more than 20 percent of MLF SARs during both periods (Table 8).

Table 8: Mortgage Loan Fraud SARs Suspicious Activity Characterizations ²²				
Activity	2010 Q1 MLF SARs		2009 Q1 MLF SARs	
Mortgage Loan Fraud	19,418	100%	16,090	100%
False Statement	4,308	22%	4,144	26%
Identity Theft	859	4%	564	4%
Other	642	3%	454	3%
Wire Transfer Fraud	177	1%	37	-
BSA / Structuring / Money Laundering	90	-	70	-
Misuse of Position or Self-Dealing	71	-	82	1%
Consumer Loan Fraud	55	-	129	1%
Commercial Loan Fraud	52	-	64	-
Defalcation / Embezzlement	35	-	16	-
Counterfeit Instrument (other)	28	-	10	-
Check Fraud	20	-	43	-
Counterfeit Check	11	-	12	-
Check Kiting	9	-	4	-
Bribery / Gratuity	8	-	7	-
Credit Card Fraud	5	-	9	-
Computer Intrusion	4	-	3	-
Debit Card Fraud	3	-	-	-
Mysterious Disappearance	3	-	7	-
Terrorist Financing	1	-	-	-
Counterfeit Credit / Debit Card	-	-	1	-

22. The characterization of suspicious activity is reported in Part III, Field 35 of the SAR. Where applicable, a filer may report one or more characterizations of suspicious activity in a SAR.

Filers and Reported Primary Federal Regulators

In 2010 Q1, filers with 420 different Employer Identification Numbers (EINs) submitted 19,418 MLF SARs, a 21 percent increase in filings over 2009 Q1.

Filers that indicated the Office of the Comptroller of the Currency (OCC) as their primary Federal regulatory authority submitted 77 percent of MLF SARs during 2010 Q1. This was a significant increase relative to corresponding filings in 2009 Q1 (55 percent). These filers comprised 18 percent of all institutions that filed MLF SARs during 2010 Q1.

Filers that indicated the Federal Deposit Insurance Corporation (FDIC) as their primary Federal regulatory authority submitted 3 percent of MLF SARs during 2010 Q1. For the quarter, these filers comprised 37 percent of all institutions that filed MLF SARs.

Filers that indicated the Office of Thrift Supervision as their primary Federal regulatory authority showed the most significant decrease in filings, submitting 6 percent of MLF SARs in 2010 Q1, down from 23 percent in 2009 Q1.

Table 9: Mortgage Loan Fraud SARs - Reported Primary Federal Regulators							
		OCC	FRB	OTS	FDIC	NCUA	FHFA ²³
2010 Q1	<u>Total MLF SARs</u> indicating Primary Regulator	14,991	2,393	1,158	551	72	247
		77%	12%	6%	3%	-	1%
2009 Q1		9,566	2,918	3,949	380	196	325
		55%	17%	23%	2%	1%	2%
2010 Q1	<u>Total Filers</u> Indicating Primary Regulator ²⁴	73	61	77	155	48	
		18%	15%	19%	37%	12%	-
2009 Q1		80	66	92	138	69	
		18%	15%	21%	31%	16%	-

23. 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 depository institution SARs with FinCEN.

24. Filer counts are based on unique 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.

Current Issues

Recent reports by law enforcement and industry show growth in a new type of flipping scheme used in the context of short sales, termed “flopping.”²⁵ Flopping occurs when a foreclosed property is sold at an artificially low price to a straw buyer, who quickly sells the property at a higher price and pockets the difference. However, filers’ use of this term has been limited, appearing in only two MLF SAR narratives.²⁶ During 2010 Q1, filers referenced the related terms “short sale” in 827 MLF SAR narratives and “broker price opinion” or its abbreviation “BPO” in 41 narratives.²⁷

25. Flopping is addressed on page 139 of the April, 2010 Special Inspector General, Troubled Asset Relief program report at http://www.sigtafp.gov/reports/congress/2010/April2010_Quarterly_Report_to_Congress.pdf.

26. FinCEN has created a consolidated listing of [Suspicious Activity Report Advisory Key Terms](#) that have been highlighted in previous FinCEN publications. These are terms that FinCEN has requested that SAR filers utilize in the narrative section to improve the research and analysis of certain suspicious activities.

27. According to industry sources, flopping can be enabled by fraudulent broker price opinions.



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