



Stealing Home



Dr. Ramin Dehmoubed

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Mortgage Fraud. It's a crime-wave sweeping the country, and it's a problem no one wants to talk about – not the banks, not the government, not even the victims.

More than 7.5 million Canadians own their own home. While owning a home may be the Canadian dream and a symbol of financial security, the value of our homes are proving to be an irresistible target for conmen.

The crime goes by many names, like "The Bump" and "The Oklahoma Flip" and it's proving all too easy to pull off.

Like all of us, Dr. Ramin Dehmoubed, a Toronto dentist, believed that as long as he made payments on his mortgage, his house was his, and no one could take it away. But having your house stolen is possible, and it's happening virtually every day in this country.

"I just can't believe something like that can happen," Dr. Dehmoubed says.

In Dehmoubed's case, two years after buying the house, he discovered there was a lien on the property and his house was for sale. It was his first house, and it was seemingly chosen at random.

Here's how it happened: First a conman made up a story about Dehmoubed owing him money. He then filed phony documents and took them to court to prove his claim.

"They had forged my signature to register a false lien on the house and because I wasn't aware of it, they just enforced it," Dehmoubed says.

The courts enforced the lien by handing the house over to the conman to cover the phony debt. The conman immediately put the house up for sale. Dehmoubed, meanwhile, had no idea this was happening until the sign went up on his front lawn.

The man responsible for trying to snatch his house out from under him was Gideon Augier. They didn't know one another, but as soon as Dehmoubed found out what was happening, he called police.

The investigator was Sgt. Phil Hibbelin with the Toronto Police. At first, Augier threatened to sue the officer. When Hibbelin demanded proof that the deal was legitimate, Augier refused to cooperate.

Finally, Augier was charged, but for Dehmoubed the whole process would take four years and thousands of dollars in legal fees to try and sort out. In the end, the courts gave Dehmoubed his house back, but Augier only got a slap on the wrist – 30 days in jail, to be served on weekends. The judge also ordered restitution, but to this day, Dehmoubed hasn't seen a dime.

Det. Phil Shrewsbury of the York Regional Police has investigated a number of mortgage fraud cases, including one of Canada's biggest, a scheme worth nearly \$1.5 million. Shrewsbury says that the con



Gideon Augier



Sergeant Phil Hibbelin



Jennifer Fiddian-Green



Mike Bell



Philip Tomlinson

could happen to anyone. And he says you may not know until the banks, or the police, knock on your door.

In many cases, stealing a house is easy. Once a crook sees a house he wants, he simply files transfer of ownership papers at the provincial Land Titles Office. Much of the time, no one there will even verify the signature.

It's a crime so easy to commit that Shrewsbury says they have a case backlog of about one year to 18 months before police can even start investigating a complaint.

How big is mortgage fraud in dollar terms? No one really knows. There is no central registry in this country, and it's a crime the banks don't like to talk about. However, one estimate by the Quebec Association of Real Estate Agents and Brokers says mortgage fraud could be worth \$1.5 billion a year.

You might be wondering how the courts have ruled on these cases. A review of previous mortgage fraud cases is not encouraging. While the courts usually return the houses to the victims, they have also ruled that the victims are responsible for the mortgages that were taken out fraudulently.

And while innocent victims are seemingly punished, the con men are, for the most part, getting away with it.

Gideon Augier is a case in point. W-FIVE found Augier has a 20-year criminal record, with no fewer than eight convictions for fraud, mostly related to mortgages. Yet he has served mere days in jail, and to this day is a free man. Augier, who is from St. Lucia, has even been ordered deported from Canada. But he has filed an appeal, so his deportation could yet take years.

Meanwhile, Augier is once again before the courts, charged again with mortgage fraud.

While forged signatures and fake documents can be one way of stealing a home, stolen identity is another.

Jennifer Fiddian-Green knows all too well how that can happen. One day she got a call out of the blue from a mortgage company telling her she was behind in her payments. Fiddian-Green thought he had the wrong number, but the man insisted she had a mortgage.

It turned out that without her knowledge, a fourplex and a house in Brantford, Ont. had been bought in her name and Fiddian-Green owed nearly half a million dollars for the properties she had never seen, and for a mortgage she had never applied for.

"I'm exasperated," she says. "I mean how can this happen with my name attached to it? They have copies, photocopies of faxes of identity documents that have my name on it, my date of birth on it, my SIN number, a different picture."

Until she got that fateful call, Fiddian-Green had no idea what had happened. Her identity had been stolen and properties were bought in her name. Mortgages were taken out on the properties, and they walked away with the cash, leaving her on the hook for the mortgage payments.

Fiddian-Green, a forensic accountant, spent hundreds of hours trying to clear her name, and get to the bottom of what happened. One of the things she did was dig up copies of the titles to the two properties bought in her name, and the name of the person who sold them.

She called him, and as she says, "I said my name is Jennifer Fiddian-Green. And after I said that, the phone actually dropped...I don't know if he was shocked and upset or he was nervous at this point. I don't know. I do know the phone dropped and I actually got hung up on."

When W-FIVE contacted the seller, we were given the name of the man who approached him with the deal – Mike Bell. We set out to find Mike Bell. He and a man by the name of Philip Tomlinson ran a company that arranged mortgages out of an office in Brantford. It was called Platinum Financing, but it had recently been closed down.

When W-FIVE tracked Bell down to his home in Brantford, he said he knew the Fiddian-Green deal was rotten from the start, but he denied being a part of it. He pointed the finger at Tomlinson. Bell

also claims he acted on his suspicions, tipping off the lawyer and the mortgage broker involved in the deal.

When W-FIVE reached Tomlinson by phone, he denied any involvement.

Tomlinson was charged by police with the Fiddian-Green fraud, but the charges were eventually stayed. Why? Tomlinson told prosecutors he was being conned as well, by a person pretending to be Jennifer. However, when W-FIVE asked Tomlinson to back that up by putting us in touch with that person, he refused.

W-FIVE also discovered that Tomlinson is currently before the courts charged with an identical crime, stealing someone's identity and using it to get mortgage money.

As for Bell's story, when W-FIVE called the lawyer and the mortgage broker that he supposedly tipped off, they denied getting any heads-up. The police investigation continues.

While mortgage fraud is on the rise across Canada, Alberta has the dubious distinction of being the mortgage fraud capital of Canada – 2,700 cases of mortgage fraud in one year alone.

In Edmonton, one of the most common scams is "the Oklahoma flip." In simple terms, it's about buying a cheap, sometimes rundown house, and flipping it several times, selling it back and forth to yourself or your friends, or in most cases a numbered company you control. No money changes hands, but it allows the con men to inflate the value of the house and get mortgages for well over the value of the property, and then just disappear.

Hal Wright, a building inspector with the City of Edmonton, believes it's a growing problem – houses on the verge of collapse, picked up for next to nothing, slapped with a few cosmetic repairs, and then over-inflated in value by a crooked appraiser. With the flaws disguised, the false appraisal is taken to the bank, and the con man walks away with the profits.

Wright gets involved because the houses are considered a danger, and if he isn't condemning them, the whole cycle can happen again and again.

The Real Estate Council of Alberta regulates realtors, mortgage brokers and appraisers -- insiders most often involved in mortgage fraud, according to police. Executive Director Bob Myroniuk says all RECA can do to stop mortgage fraud is revoke licences of members it suspects. RECA then passes the information along to police.

But when W-FIVE contacted police in Alberta, we found that whatever industry enforcement might be taking place, it's hardly making a dent.

W-FIVE found plenty of people involved in questionable real estate deals. One man who has raised some eyebrows is Gohar Pervez, a convicted cocaine and methamphetamine dealer, now into real estate. On a number of his deals, ownership of the houses passes through the same associates and the same numbered companies time and time again. At any time, if Pervez chose to mortgage the houses, he'd be making serious money.

While police describe the pattern as a classic "Oklahoma flip", Pervez claims he is just a good businessman. "...We are just transferring shares between ourselves," he says.

Pervez's explanation for the repeated transactions: "It's just giving shares to the person, giving security to the person. This has nothing to do with flipping."

While Pervez claims to have an eye for a good deal, he is facing more than a dozen civil lawsuits, many from the Bank of Montreal which claims it was defrauded of more than \$1 million. Pervez maintains he's done nothing wrong.

While the banks are after people like Pervez with a vengeance in civil court, they appear reluctant to get the police involved. Det. Mike Shorter of the Edmonton Police is one of a handful of officers across the country working full-time on mortgage fraud. For the last year, he has been working exclusively on mortgage fraud. When asked how many charges he has laid, Shorter says "none."

Shorter says "in a mortgage fraud, the ultimate victim is the lending institution, and that's where a lot of times, I'm running into brick walls... My rule of thumb is if the complainant doesn't want to cooperate, we've got enough crime to deal with. We'll go on."

The Edmonton Police is accusing the banks of not reporting large-scale fraud. And other police

forces told W-FIVE the banks were actually hindering investigations by making it difficult for police to get key documents.

W-FIVE called each of the five major banks and asked for interviews. We wanted to ask them about police allegations that they weren't being more cooperative in the fight against mortgage fraud. But our interview requests were all turned down, and in each and every case the banks claimed mortgage fraud wasn't a big problem and that they fully cooperate with the police.

Police believe one of the reasons they are not getting more cooperation is that the banks are able to recover part of their losses. They are able to turn to various provincial funds set up to cover Land Title errors. Many low-equity mortgages are also insured by the Canada Mortgage and Housing Corporation, a federal Crown Corporation. But, when W-FIVE asked CMHC how much they were paying out in claims due to fraud, they refused to tell us and blocked an official Access to Information request we made.

While the Canadian banks are choosing to downplay the problems with mortgage fraud and while Finance Minister Ralph Goodale's office says it's not his job to tell the banks how to run their day-to-day affairs, it's a different story south of the border where the FBI are warning of dire consequences for the entire economy if mortgage fraud is left unchecked.

"We have seen a five-fold increase in our caseload since 2000," says Chris Swecker, assistant director of criminal investigations for the FBI. "We went from 4,000 complaints a year, from 4,000 referrals a year to 17,000. And we think that's just the tip of the iceberg."

Swecker warns of a crisis unless police and bankers and especially the courts act more aggressively against mortgage fraud. "We want to make some very public examples of people by seeing some significant sentences. We want to see some people go to jail. We want the judges to understand these are significant losses and they go beyond just the monetary loss. I mean, these are people's home and lives."

In the U.S., the major banks are required by law to report suspected cases of mortgage fraud. But that's not the case in Canada. Swecker believes mortgage fraud can't be combated unless the banks are required to report to the police. "If you don't know about the crime you can't work it," he says.

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