



# State of Nevada Department of Business & Industry

## Director's Office

555 East Washington Avenue, Suite 4900  
Las Vegas, Nevada 89101  
Phone (702) 486-2750 | Fax (702) 486-2758  
[business.nv.us](http://business.nv.us)

**FOR IMMEDIATE RELEASE — November 8, 2010**

**CONTACT: Elisabeth Daniels, Public Information Officer**

**PHONE: (702) 486-2756 E-MAIL: [edaniels@business.nv.gov](mailto:edaniels@business.nv.gov)**

### **International Fraud Awareness Week: Top 5 Scams**

#### **Scam # 1: Mortgage Repair Fraud**

**Las Vegas** – International Fraud Awareness Week is November 7 – November 13. This weeklong campaign encourages business leaders and employees to proactively take steps to minimize the impact of fraud by promoting anti-fraud awareness and education. To support this important campaign, the Fight Fraud Taskforce is issuing an advisory every weekday to inform consumers of the Top 5 Scams happening right now in our community...and how consumers can protect themselves.

As Las Vegas struggles to recover from our current economic challenges, many homeowners are still desperate for quick fixes, which makes them very vulnerable to mortgage repair fraud. Generally, these scams take advantage of media coverage of federal programs, and they target those who are already struggling to pay their mortgage or are anxious to sell their homes.

Being able to recognize the most common types of mortgage repair fraud can help you avoid becoming a victim.

- 1) **Automatic Refunds** - A company charges several thousand dollars for loan modification services. They do no work on the file but automatically send a refund check to consumer for a couple hundred dollars. They pocket the remaining money, saying they “tried” to get a loan mod but the bank rejected them. No one complains because the company “tried” and the consumer received a partial refund.
- 2) **Double Escrows** – A company tells the bank they have a short sale buyer at a low price in order to get appraisal. They don't tell anyone that they have a second buyer lined up to buy the house once the short sale goes through. They set up escrow and closing for the same day on both deals. Bank gets cheated on the original short sale since it is not legitimate, and the scammers make a profit on the second deal as well.

- 3) **Principal Reductions** – These are companies guaranteeing or advertising they can get you a principal reduction. Most lenders will not agree to a principal reduction, but scammers use this as an advertising ploy to get your money and your business.
- 4) **Phantom Investor Purchase** – This occurs when scammers falsely claim they have investors willing to purchase your house from the bank and then resell it back to you at a reduced mortgage. The investor pools usually do not exist, and the scammer is taking your money up front but not providing you any real assistance.

Remember, if it sounds too good to be true, it probably is. Don't be pressured into signing or paying. Don't believe anyone who tells you not to contact your lender or instructs you to pay them, instead of your lender. **For legitimate, FREE help, call toll-free 877-448-4692 to get assistance from a HUD-approved, non-profit housing counselor.**

If you think you've been a victim, there are several state and federal resources that can help:

- City of Las Vegas Foreclosure Counseling and Complaint Website - <https://www.stopnvforeclosures.org/>
- Southern Nevada Mortgage Fraud Hotline - (702) 584-5555
- Nevada Attorney General's Bureau of Consumer Protection - <http://ag.state.nv.us/org/bcp/bcp.htm>
- Nevada Division of Mortgage Lending - (702) 486-0780
- Loan Modification Scam Prevention Network - <http://www.preventloanscams.org/>

#### **About the Fight Fraud Taskforce and Website**

The statewide Fight Fraud Taskforce includes members from the Las Vegas Metropolitan Police Department and other local law enforcement agencies, the I.R.S., the Department of Justice, the Nevada Attorney General's office and its Bureau of Consumer Protection, the Secretary of State, the Better Business Bureaus in Las Vegas and Reno, the Department of Business & Industry, the Clark County Recorder, the P.U.C., the Division of Mortgage Lending, the Department of Motor Vehicles, the Federal Trade Commission, and experts from the private sector among others. The group acts as a clearinghouse for fraud information and strives to educate the public on how to avoid the latest scams. Visit <http://fightfraud.nv.gov> for more information.

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