

Misrepresentation of Borrower Employment Scheme (California)



Fannie Mae's Mortgage Fraud Program alerts the industry to potential and active mortgage fraud scenarios. In 2018, Fannie Mae posted three Fraud Alerts regarding apparently fictitious employers located in California. Fannie Mae has identified additional entities located in California that appear to be fictitious employers. This alert identifies those entities and also lists the entities identified in the prior alerts.

Loan common denominators / characteristics

Fannie Mae's Mortgage Fraud Program has identified several entities listed on loan applications as places of employment that appear to be fictitious. The following list contains 65 entities / businesses that were listed as the borrower's purported place(s) of employment but whose existence Fannie Mae could not confirm. The [entities shown in blue are new to this list as of Jan. 24, 2020](#). This list is subject to change.

A1 Data Programming	E Dalewood St	West Covina	CA
Advanced Pacific Cardiology Systems	Lincoln Avenue	Calistoga	CA
AMR Global Research	Bradley Rd.	Sun City	CA
Argo Physical Med Devices	Leveroni Court	Novato	CA
Axis Programming	Science Dr.	Moorpark	CA
BA Transport	McDivitt Drive	Bakersfield	CA
Bella Donna Academy	Topanga Canyon Blvd	Chatsworth	CA
BK Precision	E. Lowell St.	Ontario	CA
Bridge Worldwide Financial	Agoura Road	Calabasas	CA
BTR International	S. Olive	Los Angeles	CA
Buenaventura Construction Group	Westinghouse Pl.	Reseda	CA
Building Blocks Learning Center	Calabasas Rd.	Calabasas	CA
Calimex Distributors	Laurel Canyon Blvd	Sun Valley	CA
Camarillo Home Healthcare	Sherman Way	Reseda	CA
Cayton Systems	Ventura Blvd	Encino	CA
Civa Home Solutions	Ventura Blvd	Encino	CA
Coast One Financial Group	Ventura Blvd	Encino	CA
Collins Software Engineering	Redwood Highway	San Rafael	CA
Concord Concrete	Parthenia St	Northridge	CA
Core Natural Beauty Products	Constellation Rd	Valencia	CA
CY Petfood	Boyle Ave.	Los Angeles	CA
Dataplus Communications	Eton Avenue	Chatsworth	CA
Digital Media Consultants	N. Santa Anita Ave	Arcadia	CA
Digicox Printing Material	Sherman Way	North Hollywood	CA
Direct Choice Financial	N. Sepulveda Blvd	El Segundo	CA
Elite Restaurant Management	Colorado Blvd	Los Angeles	CA



Emtron Software Developers	Science Dr	Moorpark	CA
EZ Maintenance	Owensmouth Ave	Granada Hills	CA
Galaxy's Auto Parts and Accessories	Stellar Dr.	Culver City	CA
GBF Freight System	Easton Dr.	Bakersfield	CA
Gold Coast Transport	Imhoff Dr.	Concord	CA
Golden State Electronics	Evans Avenue	San Francisco	CA
Gonz Fidel Books and Engineering	N.Milpitas Blvd.	Milpitas	CA
Green Energy Development	Sherman Way	Reseda	CA
Ideal Pro Systems, Barnard Avenue	Barnard Avenue	San Jose	CA
Jana Collins Cosmetics	Comanche Ave	Chatsworth	CA
LA Best Restaurant Group	Lurline Avenue	Chatsworth	CA
Lucero Pro Systems	Hellyer Avenue	San Jose	CA
Master & Media	Riverside Dr	North Hollywood	CA
Med Plus Medical Billing Services	Green Valley Circle	Culver City	CA
Metroniks Wire Technologies	W. Olive Street, Suite 1	Madera	CA
Modern RF Circuits	Oakland Road	San Jose	CA
OC Media Developers	Main Street	Irvine	CA
Ocean Trade Imports and Exports	W Ocean Blvd	Long Beach	CA
Ontic Global	N. Brand Blvd	Glendale	CA
Pacific Logistics International	S. Eastern Ave	Commerce	CA
Periodic Network Systems	Scotts Valley Drive	Scotts Valley	CA
Power Pack Consultants	Wilshire Blvd	Los Angeles	CA
Prime Medical Group	La Venta Rd	Westlake Village	CA
Public Mark Productions	Sherman Way	Reseda	CA
Ricardo's Beauty Wholesale Supplies	Pirrone Rd.	Salida	CA
Rodell Network Communications	Lakeside Drive	Santa Clara	CA
Sac Bar and Kitchen Supplies	Raley Blvd.	Sacramento	CA
Salam Imports Bay Area	Old Glory Street	Gilroy	CA
San Fernando Service	Sherman Way	North Hollywood	CA
Senior Home Health Care	Industrial Blvd.	Victorville	CA
Sentryx Media & Motion Pictures	Eton Avenue	Chatsworth	CA
Shield Technologies	W. Olive Avenue	Burbank	CA
Solo Welding and A/C Repair Co.	W. Larch Road	Tracy	CA
Tech Direct	Mason Avenue	Chatsworth	CA
USA Extended Auto Care	Ventura Blvd	Encino	CA
Volt Temp Distributors	Gladys Avenue	Los Angeles	CA
West LA Dental Studio	Overland Ave.	Los Angeles	CA
Western Law Group	W. Glenoaks Blvd	Glendale	CA
Wyntron Micro Systems	G Street, Suite E	Merced	CA



Red flags

- TPO / broker loans
- Originated 2015–2019 (present)
- Employment (occupation) does not “sensibly” coincide with borrower’s profile (age or experience)
- California (geographic common denominator)
- Borrower on current job for short period of time
- Prior borrower employment shows “Student”
- Starting salary appears high
- Purported employer does not exist
- Employer’s purported location cannot be ascertained
- Paystub templates are similar for various employers across other (involved) loan files
- Paystubs sometimes lack typical withholdings (health, medical, 401(k), etc.)
- Gift letters are substantial and are not (or cannot be) supported through re-verification

For examples of red flags, please see the exhibits beginning on page 4.

What can lenders do?

Prudent origination, processing, and underwriting practices should include looking for red flags in the loan documents that raise questions about the transaction. Verify that the borrower’s place of employment actually exists and obtain supporting documentation. If one of these entities is disclosed as the borrower’s place of employment, exercise due diligence in reviewing the entire loan file. Lenders must exercise caution in these situations and take appropriate steps to prevent the institution from being the victim of fraud.

If suspicion of fraud exists

- Follow established policies and procedures within your organization and the Fannie Mae *Selling Guide*.
- Follow the “Report Mortgage Fraud” instructions on the [Mortgage Fraud Prevention web page](#).

More general steps lenders can take to detect and prevent fraud

- Know your third-party originators/brokers.
- Be “fraud smart” by educating your staff.
- Establish a zero tolerance fraud policy.
- Share information.
- If the loan doesn’t make sense, don’t do it!
- Report any suspicious activity through established channels.

Watch for further “Fraud Alerts” and potential updates to this fraud ring by monitoring the

[Mortgage Fraud Prevention web page](#).

See Red Flag exhibits on pages 3–7.



Misrepresentation of Borrower Employment Scheme: Exhibits

The following exhibits provide examples of red flags that may indicate fraudulent documentation.

Exhibit A: Non-sequential Employment Timeline

Note on the below employment documentation:

- Employer and place of employment do not exist (section IV).
- Prior employment is listed as student (section IV).
- Employment timeline does not make sense (section IV).
- Income does not align with time on job (section V).

Borrower		IV. EMPLOYMENT INFORMATION				Co-Borrower	
Name & Address of Employer [REDACTED] [REDACTED] CENTRAL AVE GLENDALE, CA 91203	<input type="checkbox"/> Self Employed	Yrs. on this job 10 yr(s)	Name & Address of Employer [REDACTED] LA VENTA RD SUITE WESTLAKE VILLAGE, CA 91361	<input type="checkbox"/> Self Employed	Yrs. on this job 0 yr(s) 3 mth(s)	Yrs. employed in this line of work/profession 3	
Position/Title/Type of Business MEDICAL ASSISTANT/MANAGER	Business Phone (incl. area code) [REDACTED]-0008	Position/Title/Type of Business SONOGRAPHER	Business Phone (incl. area code) [REDACTED]-2910		If employed in current position for less than two years or if currently employed in more than one position, complete the following:		
Name & Address of Employer [REDACTED]	<input type="checkbox"/> Self Employed	Dates (from-to)	Name & Address of Employer [REDACTED] LANKERSHIM BLVD N Hollywood, CA 91601	<input type="checkbox"/> Self Employed	Dates (from-to) 02/01/2015 - 09/25/2017	Monthly Income \$	
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business STUDENT	Business Phone (incl. area code) [REDACTED]-9999				

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$ 1,672.00	\$ 8,978.00	\$ 10,650.00	Rent	\$ 2,115.57	
Overtime				First Mortgage (P&I)		\$ 3,248.85
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		80.00
Dividends/Interest				Real Estate Taxes		739.58
Net Rental Income	23.00		23.00	Mortgage Insurance		315.95
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$ 1,695.00	\$ 8,978.00	\$ 10,673.00	Total	\$ 2,115.57	\$ 4,384.38



Exhibit B: Generic Paystubs

Note on the below employment documentation:

- Paystubs are generic.
- Paystubs are inconsistent with those from other loan files for the same employer.

[Redacted] • Westlake Village, CA 91361										CHECK NUMBER		
										00525339		
										PERIOD BEGIN		
										08/26/15		
										PERIOD ENDING		
NAME		ASSOCIATE NUMBER		SOC. SEC. NO.		PERIOD		DEPT		PERIOD ENDING		
ANNA [Redacted]		140112		XXX XX [Redacted]		19		0001A		09/08/15		
TOTAL HOURS			GROSS PAY			TOTAL TAXES			DEDUCTIONS		NET PAY	
SALARY			3600.00			802.63			117.00		2,680.37	
EARNING TYPE	HOURS	RATE	CURRENT		YEAR TO DATE		M/S DEP	TAXES & DEDUCTIONS		CURRENT PERIOD	YEAR TO DATE	
SALARY			3600.00		61200.00		M 2	FED INC TX		390.72	6642.24	
							0	FICA-OASDI		215.95	3671.15	
							0	FICA-MED		50.50	858.50	
							M 2	CA STATE		113.06	1922.02	
							0	CA DISABIL		32.40	550.80	
								HEALTH INS		66.60	1132.20	
								DENTAL INS		34.20	581.40	
								VISION		16.20	275.40	



Medical Withholdings

[Redacted]
Westlake Village, CA 91361

CHECK NUMBER	CHECK DATE
00525339	09/16/16
NET PAY	
2680.37	

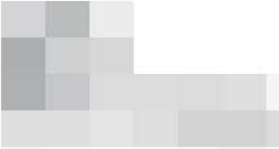


CHECK NUMBER
00551068
PERIOD BEGIN
10/16/17

Westlake Village, CA 91361

NAME	ASSOCIATE NUMBER	SOC SEC NO	PERIOD	DEPT	PERIOD ENDING				
ARTUR	178447	XXX XX	20	0001A	10/31/17				
TOTAL HOURS		GROSS PAY		TOTAL TAXES		DEDUCTIONS		NET PAY	
SALARY		4489.29		1110.41		0.00		3378.88	
EARNING TYPE	HOURS	RATE	CURRENT	YEAR TO DATE	MS DEP	TAXES & DEDUCTIONS	CURRENT PERIOD	YEAR TO DATE	
SALARY			4489.29	26935.74	M 3	FED INC TX	550.55	3303.30	
					0	FICA-OASDI	278.34	1670.04	
					0	FICA-MED	65.09	390.54	
					M 3	CA STATE	176.03	1056.18	
					0	CA DISABIL	40.40	242.40	
REIMBURSTMENTS									
TRAVEL ALLOWANCES			0.00	0.00					

Same Employer,
No Medical
Withholdings



1220 La Venta Rd., Suite 216
Westlake Village, CA 91361

CHECK NUMBER	CHECK DATE	NET PAY
00551068	11/01/17	3378.88
		CHECK AMOUNT
		3378.88



Exhibit C: Gift Letters

Note on the below employment documentation:

- Substantial gift letters for down payment

GIFT LETTER

Applicant(s): [REDACTED]

Loan Number: LUSINE [REDACTED]

I, [REDACTED], do hereby certify the following:
(Donor)

(1) I have made a gift of \$ 30,000 to ARTUR [REDACTED]
 (Amount) (Recipient)
 Whose relationship is: BROTHER
 (Relationship)

GIFT LETTER

Applicant(s): [REDACTED]

Loan Number: LUSINE [REDACTED]

I, [REDACTED], do hereby certify the following:
(Donor)

(1) I have made a gift of \$ 36,000 to LUSINE [REDACTED]
 (Amount) (Recipient)
 Whose relationship is: COUSIN
 (Relationship)

GIFT LETTER

Applicant(s): [REDACTED]

Loan Number: LUSINE [REDACTED]

I, TIGRAN [REDACTED], do hereby certify the following:
(Donor)

(1) I have made a gift of \$ 22,000 to LUSINE [REDACTED]
 (Amount) (Recipient)
 Whose relationship is: COUSIN
 (Relationship)

(2) This gift is to be applied toward the purchase of the property located at:

[REDACTED] RESEDA, CA 91335
 (Property Address)