

Attorneys: Forged signatures, sloppy paperwork on many foreclosure documents

By Melissa E. Holsman

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When Florida Attorney General Bill McCollum announced a probe into one of the state's largest foreclosure law firms for allegedly fabricating legal papers used to speed up foreclosures, Hobe Sound attorney Trent Steele dubbed it "a good beginning."

That's because for a couple of years, he and other foreclosure attorneys have been questioning suspicious looking documents lenders have presented to judges statewide to expedite the thousands of foreclosure cases grinding their way through the courts.

"It's far more than forging signatures," Steele said about what he and other lawyers have witnessed first-hand. "I have never seen this kind of institutionalized fraudulent behavior going on."

"You hear about individuals, small businesses, where this kind of shenanigans occur," he added, "but to see it on this broad of a scale, where it negatively impacts homeowners and the public — and seeing them lose their homes — it's just something I've not experienced before."

McCollum's office on April 28 announced the Tampa-based Florida Default Law Group "appears to be fabricating and/or presenting false and misleading documents" in foreclosure cases.

"These documents have been presented in court before judges as actual assignments of mortgages and have later been shown to be legally inadequate and/or insufficient," officials stated on the Attorney General's website.

The investigation into Florida Default is civil and not criminal in nature, Attorney General's Office officials confirmed, and is being conducted by its Fort Lauderdale economic crimes division.

Attorney General's Office spokeswoman Ryan Wiggins said consumer complaints alerted them to the troubling claims against Florida Default.

"Our office is still looking for additional potential victims," Wiggins said. "The investigation is ongoing and if it is discovered that Florida Default Law Group is in violation of Florida Statute, we will release more information."

Florida Default officials in Tampa didn't respond to repeated requests for comment.

Attorney General's Office officials confirmed another probe launched in April into Docx LLC, a subsidiary of Lender Processing Service Inc., of Jacksonville, and a leading provider of documents to banks foreclosing on properties.

Lender Processing Service officials also didn't respond to requests to comment for this story.

The Wall Street Journal last month reported that Docx is under criminal investigation by federal prosecutors in Florida, which Lender Processing Service first disclosed in an annual report.

The probe, according to the Wall Street Journal, involves Docx documents that incorrectly claimed an entity called "Bogus Assignee" was the owner of the loan. A Lender Processing Service spokeswoman noted the "bogus" phrase was used as a placeholder, but some documents had been "inadvertently recorded before the field was updated."

Steele said attorneys have long suspected Docx was providing phoney documents to lenders foreclosing on mortgages that banks nationwide had been bundling together — usually thousands at a time — to be sold, often several times over before landing in foreclosure court.

One of Steele's clients, Lori Silverthorn, 34, of Lakewood Park, was sued for foreclosure two years ago on the \$126,000 childhood home she bought from her family in 2004 with hopes of raising her 4-year-old daughter there.

"My grandma bought it 36 years ago," Silverthorn said. "I moved there when I was 6 years old."

But after she and her fiance lost their construction jobs, she tried to refinance the mortgage and later turned to the lender who owned her loan.

"They said they'd reinstate my mortgage if I had \$5,000 down and I had to come up with it in two weeks," she said. "But I didn't have \$5,000."

After she hired Steele, he discovered papers being used to foreclose on Silverthorn's home were missing information, such as the name of the purchasing entity.

Later, when Deutsche Bank National Trust Company bought the mortgage, Steele said a new assignment of mortgage was filed, this one created by Docx.

"The minute I saw it was owned by a securitized trust I knew there was trouble," he said. "These mortgages were sold thousands at a time ... and the paperwork was very sloppy."

Steele said Silverthorn's case is still before a judge, who has been asked by her lender to grant final summary judgment to take possession of her home.

Some assignments of mortgage Steele has in other cases show the same names signing as executives for up to 30 different banks, which he said attorneys have repeatedly tracked to Docx.

“That was one of the commonalities that we started noticing,” he said.

Stuart attorney John Chapman, who has about 300 foreclosure cases, said he’s seen dummed-up documents used in court, including against a client he thinks is being defrauded.

“It doesn’t take a signature expert to tell you there are ... three or four different signatures for the same person on various assignments of mortgages,” he said. “There’s definitely a problem.”

The practice, he said, hurts the entire judicial system.

“There are certain things you need to prove to win a foreclosure case,” he said. “You’re not entitled to go create documents to overcome problems created because they were doing a shoddy job of record keeping.”



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