Underserved Victims: Financial Exploitation and Fraud

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Financial Crimes

- Economic and financial crimes cost American individuals and businesses billions of dollars every year.
- Various forms of fraud generate massive losses to individuals every year.
- Researchers widely believe that financial crime is underreported, and these crimes can be difficult to investigate and prosecute.
During 2011, an estimated 10.8 percent of adults (25.6 million people) were victims of one or more types of fraud for a total of 37.8 million estimated incidents of fraud.

In 2014, consumers reporting fraud to the Federal Trade Commission lost a total of more than $1.7 billion dollars.
Mortgage and Real Estate Related Fraud

* Foreclosure rescue schemes
* Loan modification schemes
* Illegal property flipping
* Home equity conversion mortgages (HECM)
* Illegal lockouts
Automobile Related Fraud

- Sales & financing fraud
- Fraud & misrepresentations about defects
- Forgery
- Repossession abuses
For Profit School Fraud

* Fraud and misrepresentation about eligibility, quality of instruction, placement rates
* Use fraud and deceptive high-pressure sales techniques to obtain signatures on loan documents
* Schools close abruptly leaving students with significant debt and no degree
Landlord-Tenant Abuses

* Illegal lockout/eviction
* Termination of utilities
* Tenant loses place to live and also property, medicine, important papers
Identity Theft – most common types in 2014:
- Government documents/benefits (39%)
- Credit Card theft (17%)
- Phone/utilities fraud (13%)
- Bank Fraud (8%)

Internet based financial crimes
- Internet crime Complaint Center received over 269,000 complaints in 2014, totaling over $800 million in losses
Financial and Economic Crimes: The Consequences

- Loss of home or car
- Loss of personal property
- Ruined credit
- Possible judgment
- Wage garnishments and bank account attachments
- For student loans - ineligibility for additional loans, tax refund seizures, social security offsets
Civil legal services may be able to:

- Save home, car or other property
- Recover losses through civil lawsuit
- Assist with credit repair
- Obtain loan discharges
- Stop collection actions
Challenges in Assisting Victims

- Victims from all income brackets, but low-to-moderate income face most serious consequences
- Many victims don’t reach out for assistance
- Victims who do reach out are often referred from place to place and then give up
- Not enough attorneys who handle fraud cases
- Fraudsters often disappear, making recovery more difficult
Examples of Success Assisting Victims of Financial Crimes

Civil Justice Assists Victims

* A low-wage single mother was sued by a used car dealer for over $6000 dollars after it had wrongfully repossessed her car; CJ able to get case dismissed and recovered $17,000 to compensate her for her losses

* Woman was illegally evicted by vindictive LL who disposed of all of her property including important documents and family photos; CJ recovered $65,000 to compensate her for her losses