



Circular

Division: Land and Property Information
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Mortgage frauds involving counterfeit Certificates of Title

This circular is issued to advise all LPI customers that a mortgage fraud scheme involving counterfeit Certificates of Title is currently operating. Since late December 2006 at least nine counterfeit Certificates of Title have been identified by LPI.

The counterfeits are being used as security to obtain substantial mortgages. All instances of the fraud scheme discovered to date share the following features:

- Loans are sought from non-bank financial organisations and are arranged by a mortgage broker;
- The loans are subject to high interest rates;
- The mortgagor may be unwilling or unable to personally attend settlement;
- Directions are received to pay the loan monies to a third party rather than to the mortgagor;
- An unencumbered Certificate of Title is offered as security for the loan;
- The Certificate of Title used as security is a computerised title dated prior to January 2004.

The counterfeit Certificates of Title used in the fraud scheme are produced by superimposing details from title searches of genuine titles on forged certificates in the format used prior to the introduction of certificates with enhanced security features in January 2004. The counterfeits are of reasonably high quality and are used in conjunction with forged identity documents purportedly proving that the fraudster is the registered proprietor of the land in the title.

Conveyancing practitioners who are approached by potential clients previously unknown to them in circumstances that match those set out above should act with extreme caution. Practitioners are strongly advised to seek confirmation from LPI of the authenticity of the Certificate of Title offered as security before proceeding to settlement.

The Law Society of NSW has recently communicated with its members warning them about the scheme. The following extract from the Law Society notification provides advice that all members of the conveyancing community should note:

“The Fraud Squad has warned of the extraordinary and widespread increase in identity fraud, where whole, well-documented identities are acquired by fraudsters. Forged passports, drivers’ licences, credit cards, letterheads etc are all available to fraudsters. It is not unusual for fraudsters to have an excellent working knowledge of conveyancing

procedures, and to falsely sign documents as a solicitor, justice of the peace or otherwise.....If a client has not been known to you personally for some time or the signature to be witnessed was not given in your presence, do not act as witness. Think carefully about the wisdom of acting on behalf of a mortgagor whom you have never personally met or with whose directors you are not personally acquainted....The Law Society recommends that in addition to obtaining a clear copy of all documents used in the identification process, practitioners ensure that at least one such document displays both a good quality photo and the signature of the person so identified.”

Any lodging party wishing to confirm the authenticity of a Certificate of Title should bring it to the ground floor of LPI's Queens Square office at 1 Prince Albert Road Sydney where the document will be inspected by experienced LPI officers. Telephone inquiries can be directed to LPI on 02 9228 6713. Customers located outside the Sydney metropolitan area should call 13000LANDS (1300 052 637).

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