PRE-PUBLICATION ROUGH DRAFT

Anatomy of a Fraud:

Memoirs From The Field

Paul Williams

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DEDICATION

This book is dedicated to the hardworking Men and Women of the Mortgage Field Services Industry. I hope that this Series of short eBooks will bring to light the graft, greed, and corruption which was forced upon the backs of Labor for over a decade. And while this book is based in a fictional setting, the names have not been changed to protect the guilty.

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ACKNOWLEDGMENTS

Over the past decade and a half, I was privileged to have served with the good, the bad, and the ugly. All parties had a story to tell, and some have died during the process of publishing this Series. I was allowed a front row seat to the largest wholesale fraud since the 2008 Financial Crisis. The funny thing was, no one really cared.

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1 WHO WOULD EVER BELIEVE?

When Glenn Fry penned, *The pay offs and the rip offs. And the things nobody saw,* I doubt that he thought it would become the mantra of a little known, multi-billion industry that no one had ever heard of. Oh, it has all the bravado of *The Godfather* and would play well for the Banksters and the Rating Agencies that collapsed the global economy back in 2008, but the reality is that it had a distinct and special meaning in the mortgage field services industry.

If you haven't heard of the Industry, don't be surprised. It is the only industry on earth, other than criminal enterprises, that moves billions of dollars a year and has no licensing requirements. It requires no meaningful background checks or a real office – many folks simply work out of their garage. It requires you never to file bankruptcy if you are bankrupt and the US government protects you from litigation and claims filed against you. And finally, if you are African American, Hispanic, or female, you are almost guaranteed

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to lose your own home. The Industry, as many of us call it, is a *one-stop-shop* for learning all the tricks of the trade for violating any number of laws such as anti-trust, mail and wire fraud, unfair competition, and unjust enrichment. We call it the Industry in the same manner as the Continental in the *John Wick* series. And the kicker here is that you get to do it all crossing state lines, using electronic means, in the furtherance of artifices and schemes.

This may sound like the beginning of an airport gift shop pulp fiction, and I wouldn't blame you for thinking otherwise. What I am telling you, though, is that what I am laying my pen to now has created a slew of death threats laid down against me including twice from the current Housing and Urban Development (HUD) Management and Marketing (M&M) Field Service Manager (FSM) Awardee, 24 Asset Management's Eduardo San Roman.

Over the past decade and a half, I have had the unique experience of being intricately involved in the Industry. Initially, I was both a Field Service Technician and an Inspector. And towards the end, I was the Editor-in-Chief of a publication and Newswire with over 2,200+ articles which had a readership of ten thousand plus subscribers. Adding to that, I was the founder of the Industry's first-ever labor centric, nonprofit trade association.

So, what precisely does the Industry do? It depends on who you ask; however, it basically serves the purpose of the mortician after a foreclosure. From the perspective of Labor, there are a series of events which happen once a distressed asset – *the term for a house when someone misses a mortgage payment* – becomes known. First, an inspection is issued to determine whether an asset is still occupied or not. Well, kinda. What I mean is that many of the Prime Vendors – *that is the top tier contract holder's title* – truly want to know if

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the asset is occupied. Others, though, will not pay you unless you state it is unoccupied. The system is rigged from the beginning. And it is even more tragic when you come to realize that $5 separates a homeowner and their family from the largest investment of their lives. Before you ask it, yes it is racially disproportionate.

After the asset is determined to be unoccupied and depending on the loan status, generally a lock change is scheduled. Remember, it was only the $5 inspection that triggered this. No court order, no oversight. The lock change work order is usually issued as an Initial Secure which may be accompanied by a lawn cut, a winterization of the plumbing system, and a top to bottom assessment of the asset. In almost all occasions, items such as debris present, exposed electrical wires, holes in the floor, roofing issues and occasionally insecure pools are documented as bids. After this, there are a series of monthly tasks such as ongoing inspections, maid services, and lawn maintenance.

There is an entire network of firms involved in the process of issuing these work orders to Labor. Collectively, we call these firms order mills – *just like dog mills or pill mills*. Here is how it goes down. Tomorrow morning, you go and get a mortgage at your local bank. They, in turn, sell off the mortgage to Wells Fargo. Wells Fargo, in turn, sells of the mortgage servicing rights (MSR) to a firm like LoanCare. LoanCare, in turn, finally ends up with a bad mortgage and must hire an outfit like [insert here any NAMFS member], as a Prime Vendor. The Prime Vendor is tasked and they hire a middleman order mill to perform the remediation services required to get the distressed asset back on the market. That is the abridged version, and we will dig deeper into it as our Series goes on.

So, sounds pretty basic, right? I mean you perform hard

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work upon foreclosed assets with federally insured mortgages. Surely, these assets have court orders allowing access to them, right? No. Ok, so to be an order mill; to be a middleman in the chain of the work orders, certainly I must be licensed and insured, right? No. Well, gee, as a middleman, do I have to have a bank account or good credit to ensure that I am paying Labor in the field? No. Um, how about a real office or registration with the city and state as a legal business? No. Starting to see a trend here?

The reality is that over the decade and a half that I worked in and covered the Industry as a journalist, close to $50 million in fraud was committed by order mills who never filed for bankruptcy and yet closed their business fronts without paying a dime to Labor. And these fronts were completely facilitated by Prime Vendors. In fact, it would have been impossible for the order mills to steal a dime without the knowledge of the Prime Vendors as you will read later in the Involuntary Bankruptcy of National Field Network (NFN). This was money stolen outright by firms such as Assero, Buczek Enterprises, Boyd Property Preservation, and SEAS. Serial recidivists, one and all. In the entire history of my coverage, only two firms ever filed for bankruptcy: Berghorst Enterprises – *her second bankruptcy filing and the owner, Heather Berghorst, was the Secretary of the National Association of Mortgage Field Services (NAMFS) at the time* – and the aforementioned, NFN. There were dozens of other order mills who sprung up and down like a Whack-a-Mole game, owned by some of the same owners with the same office personnel who moved in and out of the order mill business resembling Night Court at Rikers Island.

As the Series continues, we will profile each of the order mills in their own dedicated Chapters along with the office personnel who made it all possible. Before we step off into the next chapter, it should be well known that all of this

happened under the watchful eye of HUD, Fannie Mae, and Freddie Mac. As you will read later, they ended up paying hundreds of thousands of dollars back to Labor; however, none of them ever were charged. Leading the charge on these officials at HUD was a man named ... [.]

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