



**STATE OF WISCONSIN**  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF BANKING  
MORTGAGE BANKING SECTION

**SOME GUIDELINES FOR A FINANCE FRAUD COMPLAINT**

- The complainant should identify specific instances of fraudulent misrepresentations and provide documentation that supports the allegations. General allegations that the complainant believes an entity or individual operates in a particular manner will not be investigated.
- The supporting documentation must be as specific as the complaint. The department will not review piles of documentation in the hopes of finding something wrong. References in the documentation that support the allegations should be clearly marked. A cover letter identifying the supporting documentation, its relevance and location of references is strongly encouraged.
- Complaints that are specific, supported and well-organized can be acted upon faster by the department. Inadequate complaints can result in substantial delays as additional documentation is requested. Inadequate complaints may also result in no investigation at all.
- The department takes a dim view on complaints that are in reality mud-slinging between competitors. Although a complaint is confidential while under investigation, once the complaint is closed the documents regarding the complaint are a matter of public record. Complainants tempted to misuse the complaint process should consider that private remedies exist where complaints are wrongly filed, or are filed to either harass or interfere with the business of another.
- Verify that all data is provided, including but not limited to the following: complainant's name, application date, applicant's name, loan number and property address, among other things.
- If the loan is not closed, state the disposition of the application and the reason for the particular disposition. Include a copy of the loan agreement between customer and mortgage broker.
- If the loan has closed, provide copies of the following: loan application (1003), loan commitment, loan closing statement (HUD-1 Settlement Statement) and mortgage note.
- Indicate the type of loan, and provide any related product information including sales brochures.
- If the loan is turned down, provide a copy of the letter rejecting the application.
- Provide the appraisal report and credit report, if either apply to the complaint.

- If the alleged fraud involves income, provide tax returns and W2s provided to the broker or lender.
- If the alleged fraud involves forged signatures, documents showing the authentic signature and documentation evidencing forgery. *Note:* the department does not employ handwriting experts. Forgery cases are more properly referred to a district attorney or the Office of the U.S. Attorney. It will be unusual for the department to intervene in a forgery allegation ahead of the courts, either civil or criminal.
- If the alleged fraud involves “property flipping,” provide a copy of the appraisal; documentation showing chronology of property sales, prices and dates; and names of the parties involved.
- If the alleged fraud involves “straw buyers,” provide the name of the buyer and number of properties purchased. Include related documentation for each property such as agreement between the parties, evidence of compensation provided to the buyer, appraisal, assessment, list of social security numbers and aliases, if applicable. Also include any other documents, records or forms shown to or signed by the loan applicant.
- Consider whether other relevant documents such as bank statements, deposit receipts, canceled checks, etc., which would help support the fraud allegation.
- Complaints involving patently illegal conduct should be referred to the district attorney or, if appropriate, the Office of the U.S. Attorney. Complaints to a district attorney or U.S. attorney should be as well-documented as indicated above. If the department is informed of such referrals or where cases are otherwise pending, the department will contact the appropriate prosecuting authority, assist them where possible, and take administrative action against an offending licensee.
- Conduct that results in findings of liability for an entity or individual in the civil litigation process may also be conduct which could affect that entity’s or individual’s license. Consider whether the department should be apprised of such conduct and findings.