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Southern Essex Registry of Deeds Audit Reveals That 75% of Assignments of Mortgage Are Invalid; O'Brien Says Banks Responsible for an Epidemic of Fraud. Once again urges Attorney's General to stop Bank settlement talks.

Yesterday at the Annual Conference of The International Association of Clerks, Recorders, Election Officials and Treasurers (IACREOT), Register John O'Brien revealed the results of an independent audit of his registry. The audit, which is released as a legal affidavit was performed by McDonnell Property Analytics, examined assignments of mortgage recorded in the Essex Southern District Registry of Deeds issued to and from JPMorgan Chase Bank, Wells Fargo Bank, and Bank of America during 2010. In total, 565 assignments related to 473 unique mortgages were analyzed.

McDonnell's Report includes the following key findings:

- Only 16% of assignments of mortgage are valid
- 75% of assignments of mortgage are invalid.
- 9% of assignments of mortgage are questionable
- 27% of the invalid assignments are fraudulent, 35% are "robo-signed" and 10% violate the Massachusetts Mortgage Fraud Statute.
- The identity of financial institutions that are current owners of the mortgages could only be determined for 287 out of 473 (60%)
- There are 683 missing assignments for the 287 traced mortgages, representing approximately \$180,000 in lost recording fees per 1,000 mortgages whose current ownership can be traced.

McDonnell told O'Brien, "I have been auditing residential mortgage loans for the past twenty years on a one-by-one basis. In the process, I have been cataloging the ramp up in predatory lending and mortgage fraud for all of those years, but I was not prepared for the shocking results of my audit. What this means is that the degradation in standards of commerce by which the banks originated, sold and securitized these mortgages are so fatally flawed that the institutions, including many pension funds, that purchased these mortgages don't actually own them because the assignments of mortgage were never prepared, executed and delivered to them in the normal course of business at the time of the transaction. In a blatant attempt to engineer a 'fix' to the problem, the banks set up in-

house document execution teams, or outsourced the preparation of their assignments to third parties who manufactured them out of thin air without researching who really owns the mortgage.”

O’Brien asked McDonnell what this means for his constituents. “It is vitally important for your constituents to know that if they are in foreclosure now or if their homes have been foreclosed upon, they can stop the foreclosure from proceeding, or institute a court action to vacate a completed foreclosure. The Massachusetts Supreme Judicial Court has established the law of the land in its decisions *U.S. Bank, N.A. v. Ibanez* and *Wells Fargo Bank, N.A. v. LaRance* and I can tell you that every single assignment of mortgage that was recorded for the purpose of foreclosing the homeowner is invalid, overtly fraudulent, or criminally fraudulent. My findings also show that your constituents who are not in foreclosure, and have never been delinquent in their payments also have clouds on title due to the recording of defective and invalid discharges and assignments of mortgage.”

“My registry is a crime scene as evidenced by this forensic examination,” stated John O’Brien. “This crime that has affected thousands of homeowners in Essex County who, through no fault of their own, have had their property rights trampled on and their chain of title compromised. This evidence has made it clear to me that the only way we can ever determine the total economic loss and the amount damage done to the taxpayers is by conducting a full forensic audit of all registry of deeds in Massachusetts. I suspect that at the end of the day we are going to find that the taxpayers have been bilked in this state alone of over 400 million dollars not including the accrued interest plus costs and

penalties. The Audit makes the finding that this was not only a MERS problem, but a scheme also perpetuated by MERS shareholder banks such Bank of America, Wells Fargo, JP Morgan and others. I am stunned and appalled by the fact that America's biggest banks have played fast and loose with people's biggest asset – their homes. This is disgusting, and this is criminal," said O'Brien.

O'Brien continued "Once again I am asking Attorney General Martha Coakley and the other state Attorney's General to follow the lead of New York Attorney General Eric Schneiderman and stop any settlement talks with the banks. The results of this report are only for my registry, but I can assure you that this type of criminal fraud is rampant across the nation. This leaves me to question why anyone would consider settling with these banks until we know the full extent of the damage that they have caused to the homeowners chain of title across this country and the amount of money they have bilked the taxpayers for their failure to pay recording fees."

The Full Report may be requested at www.mcdonnellanalytics.com.