

Loan Fraud Schemes and Red Flags BankChat 2024

Kristen J. Stogniew, Esq., CFE
Saltmarsh, Cleaveland & Gund
Kristen.Stogniew@Saltmarshcpa.com

Takeaways

- ✓ Don't forget to train and monitor for internal and external Loan Fraud (in addition to all the other frauds)
- ✓ Feel free to bring these back to your lending teams and use in conjunction with usual BSA training
- ✓ Detailed list of Red Flags is at end of deck

What is Fraud?

Federal loan fraud occurs when a person or business knowingly makes a false, material statement to a federally insured financial institution or federal agency in order to obtain a loan

Fraud for housing is perpetrated by a borrower to acquire and maintain ownership of a property under false pretenses.

Fraud for profit is perpetuated by con artists to falsely inflate the value of a property and get cash or equity from the lenders or homeowners.

Per the FBI, fraud for profit often relies on bank or loan/mortgage company employees who help bypass controls. This includes appraisers, attorneys, brokers, mortgage underwriters and processors, loan originators and other mortgage professionals.

Frauds in Application and Underwriting

Income Fraud - Borrowers submits fraudulent income documents, such as fake pay stubs or tax returns, to inflate their earnings. This misrepresentation can make them appear more creditworthy than they are.

Identity theft – Applicant obtains credit in false name.

Synthetic Identity, or Frankenstein Fraud – Applicant creates new identity by applying for credit in a with new social security number (e.g., a child's SSN).

Liability Fraud – Applicant fails to disclose significant financial liabilities, such as car loans, student loans, or other mortgages, on the loan application.

Signature fraud – Forged signatures on loan applications, loan documents, or loan draw documents (builder's forged borrower's name).

Verifications fraud – Fake documents or hired third parties to verify financial information.

Frauds involving the transaction

Double contract fraud - The Seller agrees to create a false Sales Contract with a higher Sales Price, to get a larger loan from the Lender. The Seller and Buyer split the difference between the actual Sales Price and the loan amount.

Down payment fraud – Transaction is altered so that seller funds the down payment.

Home title theft – Fraudster files a deed transfer with the county clerk’s office, reflecting a transfer of title.

Fraudulent Lien Payoff – Fraudster files a satisfaction of mortgage with the county clerk, leaving the home to appear free and clear and available for further mortgages.

Duplicate mortgages – Fraudster applies for and schedules multiple closings on property within the same day or days; when creditors file their mortgages and receive the title policy back, they learn they are not in 1st place.

Occupancy Fraud - Occupancy fraud is a false claim that a structure is owner-occupied in order to access better loan terms or avoid capital gains tax. In both cases, the goal is profit, either by paying less interest or reducing tax liability when a structure is sold.

Straw buyer – The transaction involves hidden people. The straw buyer purchases property on behalf of another person. The buyer has enough credit and financial stability to successfully qualify for the loan. The use of a straw buyer does not automatically trigger illegal activity. It only becomes criminal when the purchase is made on behalf of someone who is legally not allowed to make the purchase for himself (such as a criminal or OFAC blocked person) or to inflate the price of the property or for other illegal gains.

Appraisal/Property Value fraud – Intentional inflation of the property’s appraised value. Used to either help the seller get a better market price, or to help a buyer get financing or preferred financing.

Goal could also be to understate the value, so buyer can purchase it at a discount.

- Fraudster purchases multiple properties for cash and records them at higher sales prices (provides inflated “comps”).
- Fraudsters sell property multiple times to straw buyers (“flips”) increasing the apparent market value each time.
- Lenders or property owners bribe, or place pressure on appraisers under the threat of losing business.
- Appraiser selectively chooses comps that support the desired property value.
- Parties to the transaction conceal property issues or damage resulting in artificially inflated value.

Is this worth \$250,000?



Picture 1



Picture 2

Frauds that occur after loan is made

Account takeover – Fraudster takes over a line of credit and disburses funds. Has been a rise, particularly in HELOCs and construction loans. [FIN-2011-A016](#)

- Inconsistent LOC activity, e.g., sudden wire transfers, ACHs.
- Can be at the customer or bank level; multi-factor authentication is ideal.

Mortgage Wire Fraud – Fraudster intercepts email communications during a financial transaction and diverts proceeds to fraudster’s account

- Same as other email compromise red flags

Credit Bust-out – Fraudster obtains card or LOC; uses up to the maximum credit limit and then pays off debt with a worthless check. Gets credit extended again up to the maximum limit...and repeats. By the time the bad check is returned, the debt is double the credit limit. Activity continues for 2-3 billing cycles before lender freezes the account and begins collections.

Equity Skimming – Fraudster obtains a home purchase loan (and perhaps additional monies for improvements) and rents the property out (not making the improvements), collects rents, but does not pay the mortgage back.

Loan modification/Foreclosure rescue fraud — includes abuse of federal modification and foreclosure prevention programs; Could be a deposit customer of the bank, or you could run into it with existing troubled borrowers. [FIN-2009-A001](#) and https://www.fincen.gov/sites/default/files/shared/sar_tti_20.pdf#page=61

- Borrower was tricked into signing a quit-claim deed
- Borrower tells Bank they’ve been paying another party
- Borrower tells Bank they’ve hired a representative or “foreclosure specialist”, especially if they charged upfront fees, used aggressive sales tactics, offered to buy the property and rent it back (“**sale leaseback scheme**”), etc.
- Bankruptcy filings in borrower’s name without their knowledge or consent

Frauds involving insiders

Internal Fraud – abuse of authority – such as, making loans to fictitious (nominee) borrowers; hiding or paying off/down past due loans from other sources; falsifying production reports. Personal gain is often the motivator, but not always (could be to hide problem loans or failing bank).

Loan skimming – Inside parties to a loan deal skim points off the transaction, in some cases, as if a bribe to continue to fund loans from a party in interest (i.e., seller)

Personal Cease & Desist and \$30k CMP issued 2/9/2024 - OCC

- Barrington Bank & Trust (\$4b) - From at least January 2019 to June 2020, Respondent made payments totaling at least \$317,531 to several individuals in return for referring borrowers to him. Respondent received commissions for originating mortgage loans for these borrowers.
- Respondent attempted to hide from the Bank the nature of at least two of his referral payments to Individual A, a real estate agent. He did so by creating and providing or causing Individual A to provide false documentation to the Bank that indicated the referral payments represented cash deposits, a personal loan, or payment for work performed at a property owned by Respondent.
- Finally, Respondent originated a loan at the Bank that refinanced an existing loan that Individual A had with Lender Z, a company in which Respondent maintained an ownership interest. Respondent failed to inform the Bank that he had a financial interest in Lender Z, and he would indirectly personally receive proceeds from the refinance he originated, which constituted a conflict of interest.

Personal Cease & Desist and \$50k CMP issued 1/10/2024

- Kellogg was employed at FMB (\$597m, Iowa) from 2006 to 2021 and served as Senior Vice President for Commercial Lending; In March 2021, Kellogg resigned from FMB and started working at another financial institution. As he transitioned from FMB to the other financial institution, Kellogg misappropriated FMB confidential information to facilitate the transferring of FMB customers to the other financial institution; Kellogg's misconduct constituted an unsafe or unsound practice and a breach of his fiduciary duties to FMB, and caused harm to FMB.

Personal Cease & Desist and \$30k CMP issued 1/10/2024 - OCC

- VP/Branch Manager/Loan officer of Midstates Bank N.A. (\$653 million, Iowa) for conflict of interest and breach of fiduciary duty. He was loan officer for loans to borrower from whom he received an interest-free personal loan, owed an outstanding debt, and pursued investment opportunities with the borrower. He did not disclose his personal dealings until after the borrower defaulted.

Personal Cease & Desist Order and \$95k CMP issued 7/28/2023 - OCC

- During the period May 2018 through January 2019, Respondent, in his capacity as Senior Vice President and Loan Officer of FNB Bank...Respondent generated a series of improper extensions of credit for the benefit of a large deposit/borrowing customer. In connection with said misconduct, Respondent failed to disclose the true nature and purpose of the subject transactions.
- Within 180 calendar days of the date of these Orders, Respondent must attend fifty (50) hours of training acceptable to the Regional Director of the FDIC Atlanta Regional Office, which training shall include blocks of instruction on banking ethics and prudent credit underwriting practices.

Personal Cease & Desist Order issued 5/25/2023 - OCC

- Wells Fargo employee submitted fraudulent EIDL loan application, stating her business had 11 employees and \$90,000 in revenue from employment at an insured bank, credit union, etc.; she received \$10,000 advance and \$27,500 in EIDL funding.

Personal Cease & Desist Order and \$10k CMP issued 5/9/2023 - FDIC

- In her capacity as Executive Vice President of the Bank, Respondent engaged in unsafe or unsound banking practices and breached her fiduciary duty by routinely approving the payment of items presented against the overdrawn checking account of a large deposit/ borrower customer without sufficiently inquiring as to the origins of the deficits or the impact payment might have upon the Bank. Respondent's unsafe or unsound banking practices and breaches of fiduciary duty, as described above, constituted a pattern of misconduct.

Personal Cease & Desist Order and \$25k CMP issued 4/7/2023 - OCC

- CEO/Director of Capital Bank of Texas, NA (\$592 million) as account officer for the largest of several entities affiliated with a Bank customer, approved millions of dollars in average uncollected funds including personally approved NSF checks written by the customer (which were usually covered by deposits the same day) even after communicating with customer's CFO, the bank's Fraud Officer, and the bank's Chief Lending Officer. Did not take additional steps or direct others to take additional steps to determine if activity required further investigation. Check kiting scheme was discovered 8 months later.

SAR Filing

Two (2) Triggers

1. Potential money laundering or BSA violations

Where FI knows, suspects, or has reason to suspect that the transaction(s):

- a. was designed to evade any BSA requirements;
- b. involves or tries to hide funds derived from illegal activities; or
- c. has no business or apparent lawful purpose (or is not the sort in which the particular customer would normally be expected to engage), and the institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

Filing threshold is \$5,000 or more

Transactions involving proceeds of **marijuana** fall under this category (i.e., rent roll shows dispensary)



SAR filing

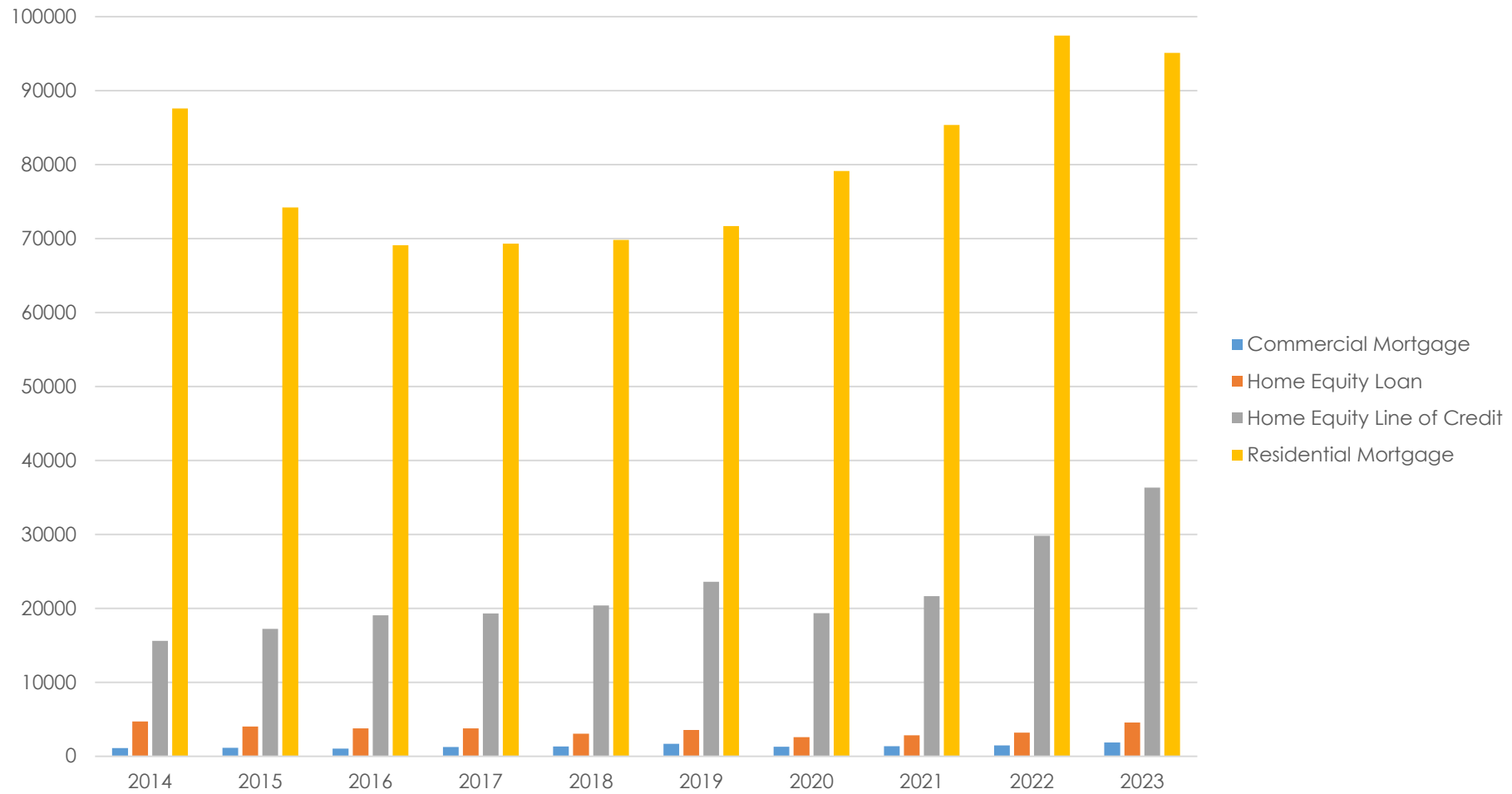
2. Known or suspected Federal criminal violation(s)

- a. committed or attempted against the FI, or involving transaction(s) through the FI, and
- b. FI believes it was an actual or potential victim, or was used to facilitate the criminal transaction

Filing Thresholds are...

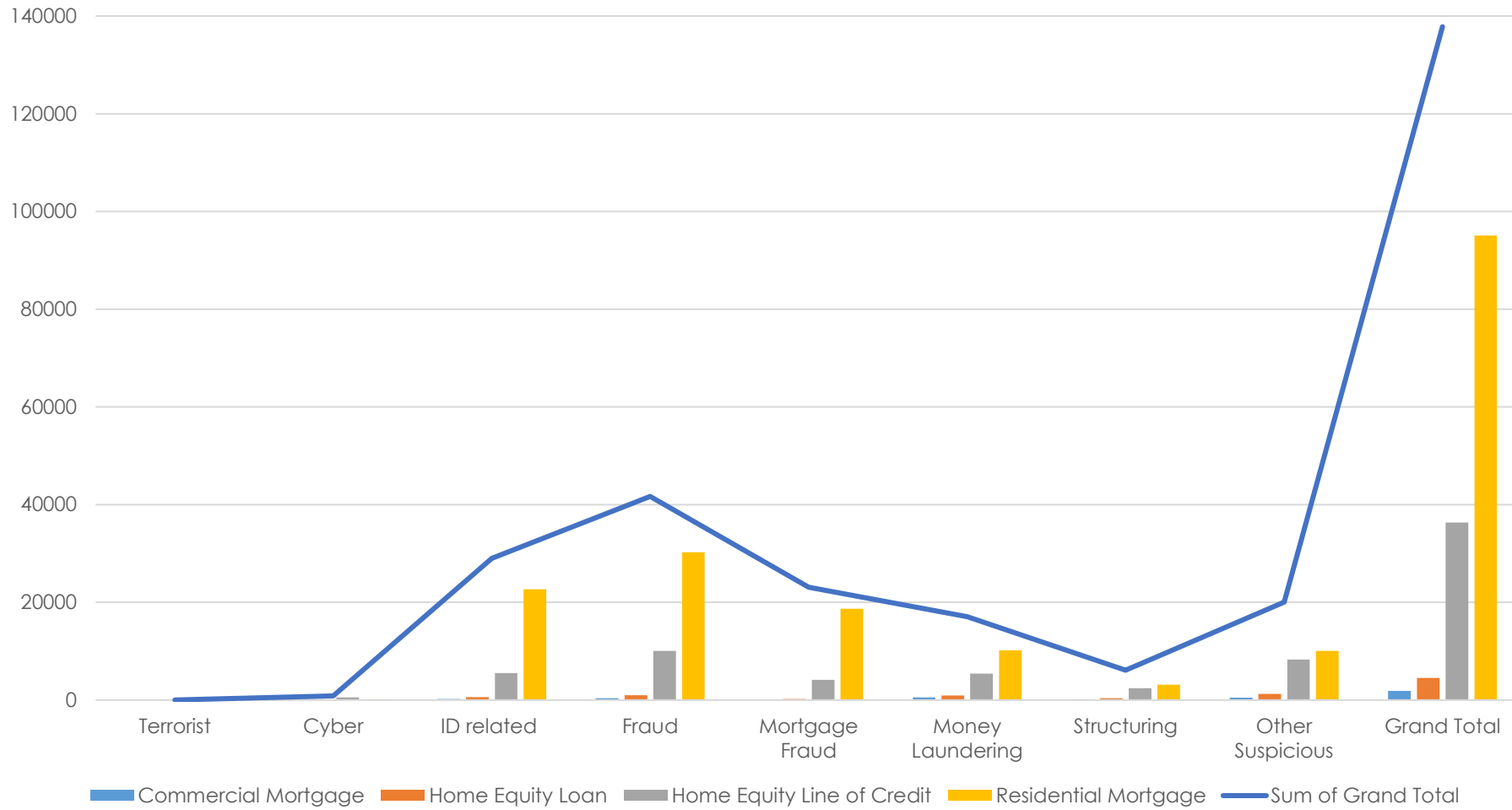
- \$0 Insider abuse
 - \$5,000 if suspect can be identified
 - \$25,000 if no suspect can be identified
-
- No loss is required, and customer does not need to be the “suspect”
 - Cyber events, check fraud, business email compromise, loan fraud, false statement, elder financial exploitation, ID Theft etc., all fall under this category

Loan-related SAR filings over the years



Source: query on all reporters at <https://www.fincen.gov/reports/sar-stats>

Categories of Loan-Related SARs filed in 2023



Source: query on all reporters at <https://www.fincen.gov/reports/sar-stats>

2024 to date SAR filings – Loan frauds

- Residential Mortgage
 - Application fraud
 - Questionable/false documents
 - Origination fraud
- HELOCs/Home Equity Loans
 - Account takeover
 - Application fraud
 - Check fraud
 - Elder financial exploitation
 - ID Theft
 - Questionable or false documents
- Commercial Loans
 - Questionable or false documents
 - Suspicious concerning the source of funds
 - Transaction below CTR threshold

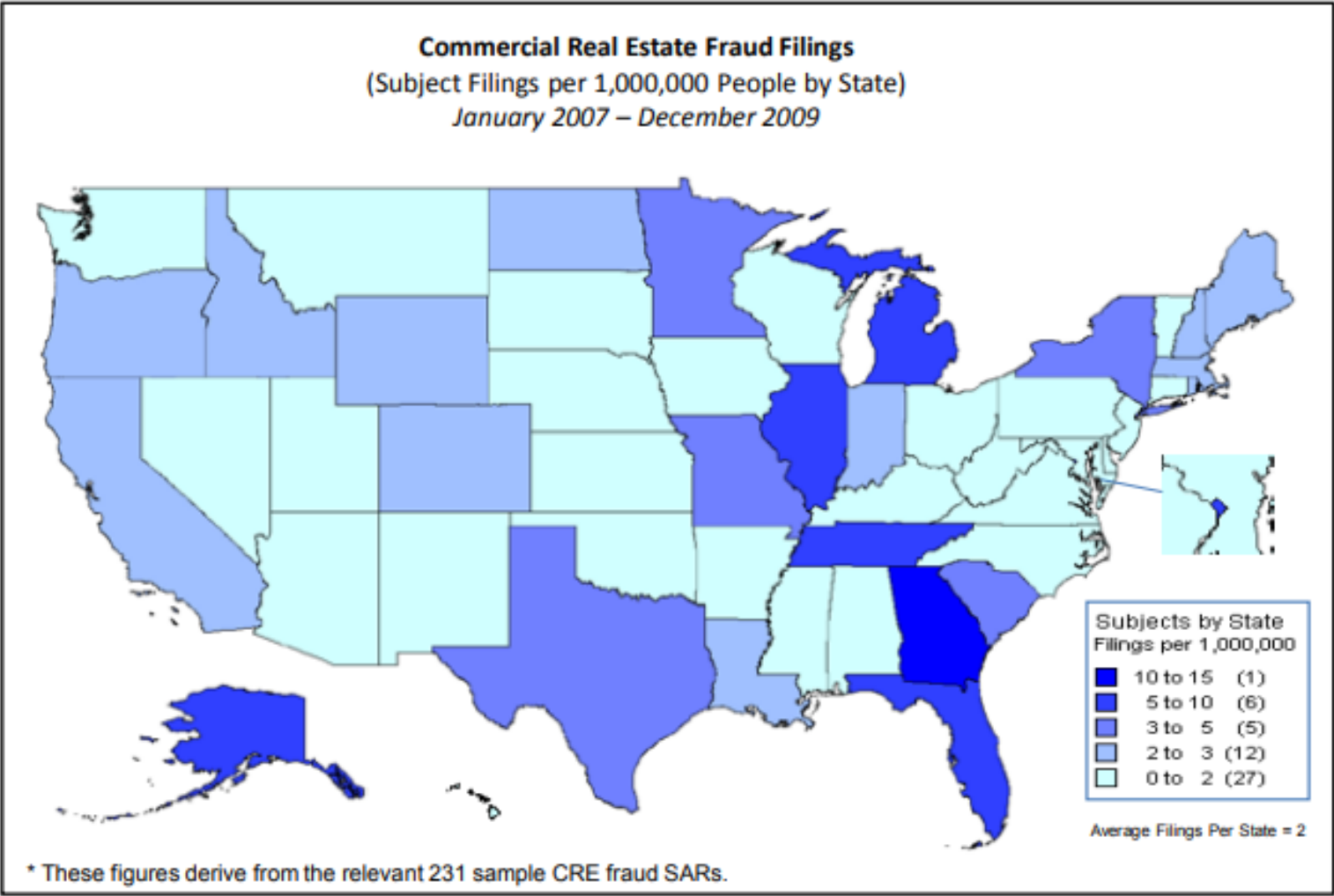
2010 Commercial Real Estate Fraud – FinCEN Publication

- False statements; false claims of property ownership
- False or falsified identification documents, rent rolls, tax documentation, financial statements, appraisals, draw requests, lien waivers, forged signatures...
 - Often with collusion between – Breach of Policy; false documents to loan approval committees, approving loan disbursements after reviewing fraudulent invoices, submitting incomplete paperwork...
 - Suspicious portfolio moved with lender from bank to bank
- Diversion of funds for personal profit or support to businesses facing insolvency
 - Discovered after borrower filed for bankruptcy or after finding undisclosed liens on collateral, fraudulent disbursement documentation, and/or inspecting sites with little or no construction work performed
- Non-disclosure of debt (such as a mortgage) on financial statements
- Also mentions flipping and straw buyer schemes, collateral transfer without disclosure or payment to lender, advance fee schemes, structuring, and insurance fraud.

Commercial Real Estate Fraud SARs Top Five Activities Described in Narratives <i>(January 2007 - December 2010)²⁸</i>		
Activity	2007-2009 SARs	2010 SARs
False Documents	42%	51%
Misappropriation of Funds	29%	27%
Bank Insider Collusion	19%	13%
False Statements	15%	10%
Non-Disclosure to Lender	9%	19%

Commercial Real Estate Fraud SARs Loan Purpose Described in SAR Narratives <i>(January 2007 - December 2009)</i>	
Purpose	SARs
Construction	34%
Acquisition	25%
Mortgage	8%
Land Development	7%
Renovation	6%
Working Capital	6%
Refinance	5%
Unspecified	9%

[Commercial Real Estate Financing Fraud FINAL 508 \(fincen.gov\)](http://fincen.gov)

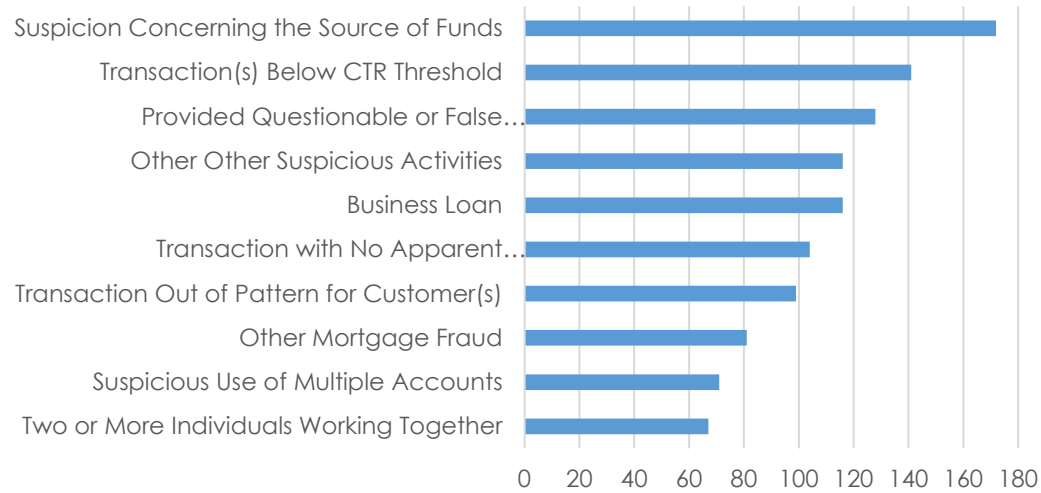


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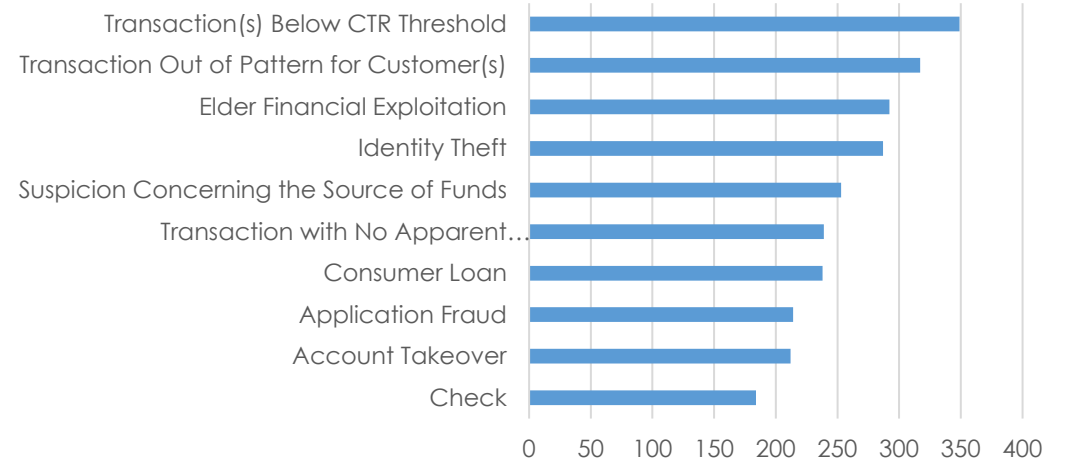
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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

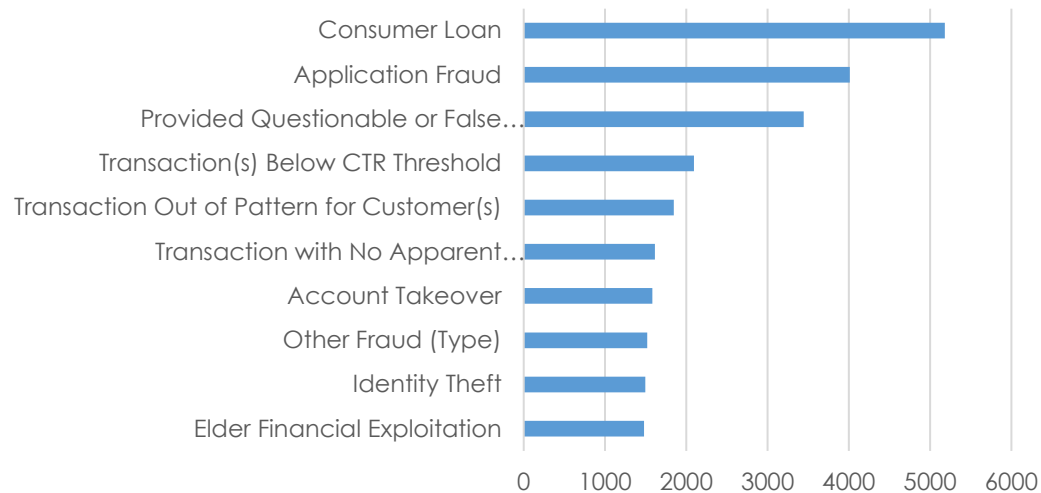
Commercial Loan - Top 10 SAR reasons 2023



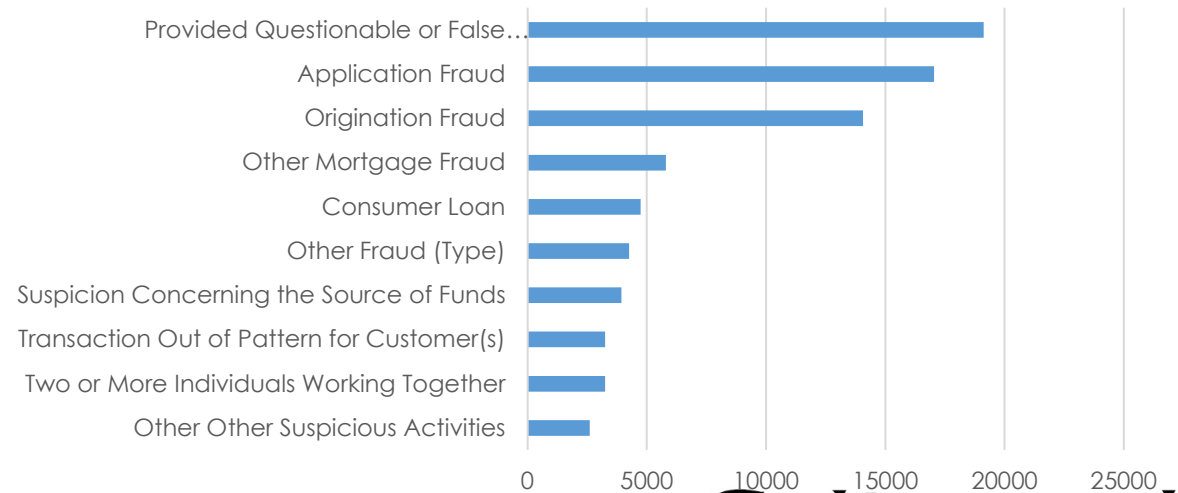
Home Equity Loan - Top 10 SAR reasons 2023



HELOC - Top 10 SAR reasons 2023

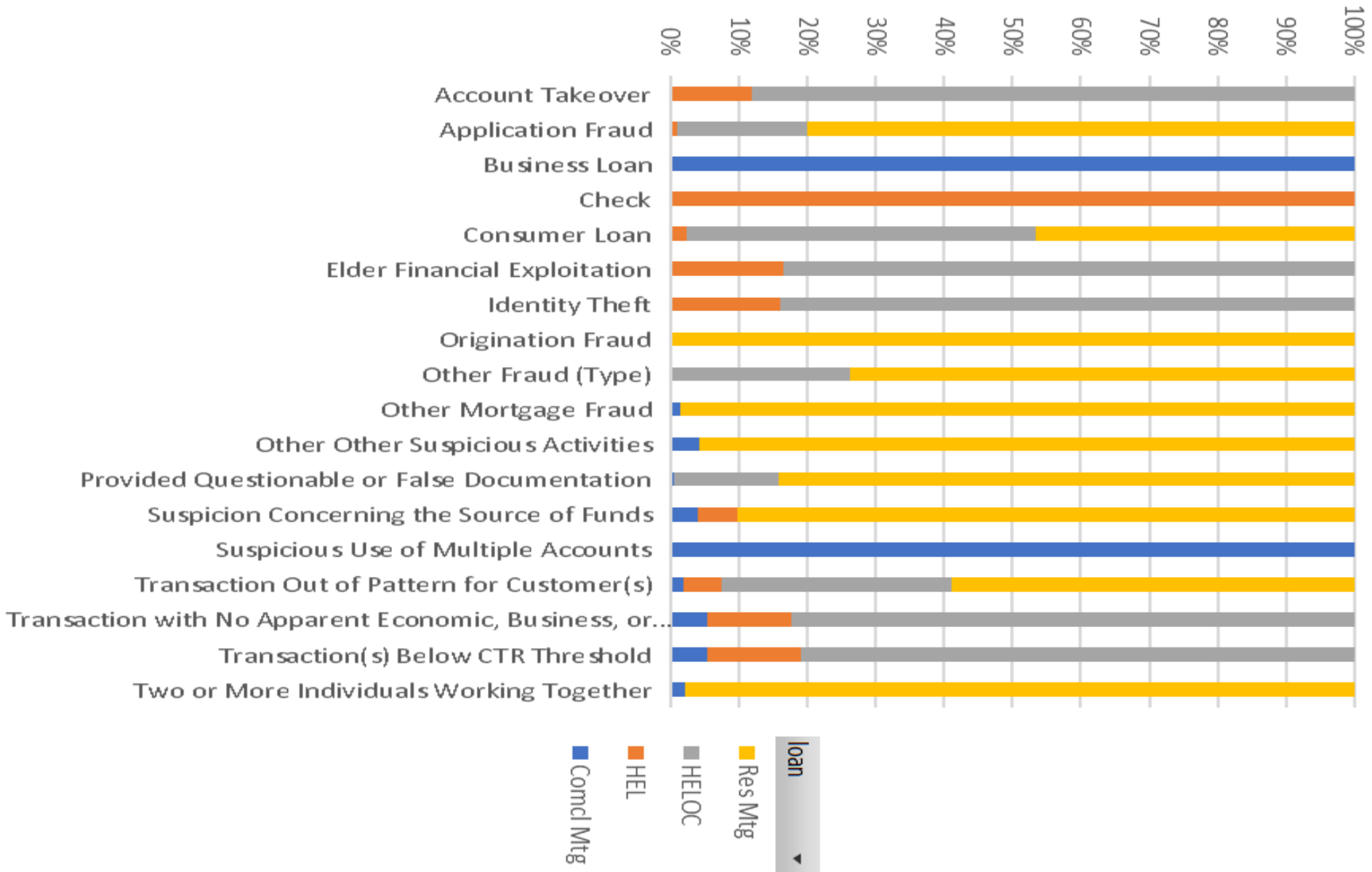


Residential Mortgages - Top 10 SAR reasons 2023



type of activity ▾

Sum of count



Pre-Closing due diligence (could include denied or withdrawn requests):

- **Review deposit account activity.** Provides perspective on the nature of the borrower's transactions and the potential riskiness of the relationship with the borrower.
- **Understand legal source of funds for repayment.**
- **Evaluate income relative to the size of cash collateral or cash investment by the borrower.** This common-sense approach will help to evaluate the transaction's reasonableness.
- **Understand the true loan purpose.** If the borrower specifically requests a loan and offers cash as collateral, understand why the borrower prefers this loan structure. Lending personnel should ensure that the stated purpose of the loan makes sense and is consistent with the borrower's background, business, or former businesses.
- **Verify the source and ownership of any collateral or cash investment.** If the asset ownership and source of funds cannot be verified or substantiated, risks may be present (for example, verify accounts receivables)
- **Inspect the Property** confirm rent rolls with property manager;
- Perform **Internet searches.** Basic Internet searches can often produce important information that the bank may not otherwise know.
- **Conduct due diligence on related parties.** High-risk transactions should always require enhanced due diligence that includes all parties to the loan. Understanding all of the individuals and/or businesses involved in the transaction will help to mitigate BSA/AML risk.

Servicing/Post-closing due diligence

- **Review all account relationship activity.** Remember that it is important to monitor the entire borrower relationship. If the customer has other accounts at the institution, much can be learned about the flow of funds and the legitimacy of transactions.
- **Evaluate the loan purpose vs. loan funds usage.** Consider whether the loan funds are being used consistently with the borrower's stated loan purpose. If they are not, it could indicate fraud or BSA/AML risk.
- **Investigate loan payments made with cash.** Consider whether it makes sense for the borrower to make cash payments on the loan. This might be expected for some cash businesses, but cash is generally an unusual method of payment for many loan types, particularly commercial credits.
- **Investigate loan payments made by a third party.** If the loan payments are being made by a person or entity that does not appear to be related to the borrower, it could be considered suspicious.
- **Scrutinize uses of funds** and supporting documents (such as receipts, permits, draw requests and lien waivers)
- **Scrutinize early or sizeable principal reductions/curtailments or loan payoffs.** Evaluate the reasonableness of the payments, especially if they are unexpected or completed by companies under duress and absent take-out financing.



“ When you look at someone through rose-tinted glasses, all the red flags just look like flags. ”



Excellent and free training



- Matthew Cox
- Initially needed money, then approval of his father
- Driven by need to show the world how clever he was
- Committed virtually every loan type fraud possible 2002-2007
- Sentenced to 26 years and \$6 million in restitution (+\$6 million forfeiture) in 2007; released July 2019
- Now on social media telling his and other criminals' stories
- Lex Fridman podcast #409 "[Matthew Cox: FBI Most Wanted Con Man - \\$55 Million in Bank Fraud](#)"

Case Studies and War Stories

Supporting information – Red Flags through Lending Lifecycle

Fraud Red Flags – Loan Application / Underwriting

Primary concerns: Fake loans, masking proceeds of illegal activity with loans

Typology: False documents, ID theft, front company, shell company

ID related

- Fake IDs
- Applicant provides insufficient or suspicious information
- Applicant or other parties to the transaction are newly created legal entity(ies)
- Incomplete, unsigned, or undated application
- CIP discrepancies within the loan file (name, address, date of birth, SSN)

Credit Report related

- Social Security number, death, or fraud alerts
- No credit history or “thin” credit files
- Length of established credit is not consistent with applicant’s age
- Credit patterns are inconsistent with income and lifestyle
- All tradelines opened at the same time
- Numerous recent inquiries
- Missing pages and/or supplements
- Significant differences between original and new or supplemental credit reports
- Duplicate Social Security number or additional user of Social Security number
- Recently issued Social Security number
- Liabilities shown on credit report that are not on mortgage application
- Authorized user accounts have superior payment histories

Fraud Red Flags – Loan Application/Underwriting – cont'd

Primary concerns: Income, asset, liability fraud, occupation and verification fraud

Typology: False documents, false information

Documents, generally

- Documents include deletions, correction fluid, or other alterations
- Numbers on documents are “squeezed” or don’t match other fonts due to alteration
- Information on documents are not consistent (e.g., SSN differs from W-2 to credit report)

Applicant & Income

- Applicant’s residence is/will be remote from employer’s location (and not a remote worker)
- Applicant’s job title is generic, e.g., “manager,” “vice president”
- Applicant or beneficial owners reside, work, or spend a significant amount of time in a foreign country
- Applicant’s financial position or property location or type is inconsistent with what would be expected based on transaction details
 - Income appears to be out of line with type of employment, age, education and/or lifestyle
 - Financial statement is not aligned with others in the same industry
 - Interest and dividend income do not align with assets
- Questionable quality accounting records
- P&L shows unusual expenses for “consulting” or “management”, or unusual income such as higher-than-market rate rents
- Loan represents a significant increase in debt / housing expense
- Employer’s name is similar to a party to the transaction, (e.g., the applicant’s initials)
- Employer’s address is a P.O. box, the property address, or applicant’s current residence

Fraud Red Flags – Loan Application/Underwriting – cont'd

Employment/Income verification

- Employer's EIN on W-2 has a format other than 12-3456789
- Employer's EIN on W-2 does not match corporate filings, if available (not in TN tnbear.tn.gov)
- Employer is unable to be contacted
- W-2 form is not the "employee's copy"
- Handwritten VOE, pay stubs, or W-2 forms
- Withholding not calculated correctly (check FICA tables)
- Withholding totals vary significantly from pay period to pay period
- Pay period dates overlap and/or do not correspond with other documentation
- Abnormalities in paycheck numbering
- Year-to-date or past-year earnings are even dollar amounts

Tax returns

- Self-employed applicant does not make estimated tax payments
- Tax returns not signed or dated
- Paid preparer signs taxpayer's copy of tax returns
- High-income applicant without paid preparer
- Statements or returns produced by unlicensed, or offshore accounting firm
- Real estate taxes or mortgage interest claimed, but no ownership of real property disclosed
- Verified tax returns differ from those produced in application

Fraud Red Flags – Loan Application/Underwriting – cont'd

Asset-related

- Earnest money is not reflected in account withdrawals
- Earnest money is from a bank or account with no relationship to the applicant
- Source of earnest money is not apparent
- Down payment source is other than deposits (e.g., gift, sale of personal property)
- Recently deposited funds without a plausible paper-trail or explanation
- Structured down payments or escrow money transactions
- Balances verified as even dollar amounts
- Two-month average balance is equal to present balance
- Applicant reports substantial income but has no liquid assets (cash in bank)
- Pattern of loyalty to financial institutions other than the subject lender
- Bank account ownership includes unknown parties
- Bank statements do not reflect deposits consistent with income, or applicant's salary
- Reasonableness test: assets appear to be out of line with type of employment, applicant age, education, and/or lifestyle
- Excessive balance maintained in checking account
- Balances are greater than the FDIC or SIPC insured limits
- High-asset applicant's investments are not diversified
- Dates of bank statements are unusual or out of sequence
- Bank or Credit Union is not legitimate (verified through Call Reports)
- Loans secured by pledged assets held by third parties unrelated to the borrower
- To secure a loan, the customer purchases a certificate of deposit (CD) using an unknown source of funds, particularly when funds are provided via currency or multiple monetary instruments

Fraud Red Flags – Transaction, Sales Contract

- Loan lacks a legitimate business purpose, provide the bank or broker with significant fees for assuming little or no risk, or tend to obscure the movement of funds (e.g., loans made to a borrower and immediately sold to an entity related to the borrower)
- Permanent mortgage financing with an unusually short maturity
- Non-arm's length transaction: seller is real estate broker, relative, employer, etc.
- Contract is “boiler plate” with limited fill-in-the-blank terms, not reflective of a true negotiation
- Purchaser(s) deleted from/added to sales contract
- Purchaser is not the applicant
- Contract dated after credit documents
- Second mortgage is indicated, but not disclosed on the application
- Name or address on earnest money deposit check differ from buyer's
- Earnest money deposit equals the entire down payment, or is an odd amount for the local market
- Multiple deposit checks have inconsistent dates, e.g., #303 dated 10/1, #299 dated 11/1
- No real estate agent is involved
- Real estate commission is excessive
- Power of attorney is used

Fraud Red Flags – Owner Occupancy - Purchase

Purchase loan

- Application lists real estate, yet applicant is a renter
- Applicant states intention to lease current residence
- Significant or unrealistic commute distance
- Applicant is downgrading from a larger or more expensive house
- Sales contract is subject to an existing lease
- Occupancy affidavits reflect applicant does not intend to occupy
- New homeowner's insurance is a rental policy (declarations page) or appraiser

Refinance

- Different address reported on credit report
- Different mailing address on applicant's bank statements, pay advices, etc.
- Reverse directory/Negative news does not disclose subject property address
- Significant or unrealistic commute distance
- Rental property listed on application is more expensive than subject property
- Appraisal reflects vacant or tenant occupancy
- Occupancy affidavits reflect applicant does not intend to occupy
- Homeowner's insurance is a rental policy (declarations page)

Fraud Red Flags – Appraisal

- Appraisal dated before sales contract
- Appraisal ordered by a party to the transaction
- Appraisal indicates transaction is a refinance, but other documentation reflects a purchase
- Owner is someone other than seller shown on sales contract
- Occupant shown to be tenant or unknown
- Purchase price is substantially higher than predominant market value
- Purchase price is substantially lower than predominant market value
- Subject property obsolescence is minimized
- Large positive adjustments made to comparable properties
- Comparables' sales prices do not bracket the subject's adjusted value
- Comparables are not similar in style, size, or amenity, are dated, or are a significant distance from the subject
- Comparables are purchased within short time period
- Comparable owners are same person, legal entity, shell or recently created entity (same owners or agents)
- Prior sales are listed for subject and/or comparables without adequate explanation
- Map scale distorts distance of comparable properties
- New construction/condo conversion: all comparable sales located in subject development
- Photos appear to be taken from an awkward or unusual standpoint
- "For Rent" sign appears in photographs
- Address reflected in photos does not match property address
- Weather conditions in photos inconsistent with date of appraisal
- Significant appreciation in short period of time

Fraud Red Flags – Title related

- Title policy is prepared for and/or mailed to a party other than the lender
- Recently filed Satisfaction of mortgage
- Seller not on title
- Seller owned property for short time
- Buyer has pre-existing financial interest in the property
- Date and amount of existing liens do not make sense
- Chain of title includes an interested party such as realtor or appraiser
- Buyer and seller have similar names (if concealed non-arm's length)
- Multiple collateral transfers have occurred over a short period of time; recently filed deed transfer
- Mortgage, satisfaction, deed transfer and other documents notarized by same notary (who may or may not be fictitious)
- Evidence of financial strain may indicate a compromised sale transaction (flip, foreclosure rescue, straw buyer refinance, etc.), or might suggest undisclosed credit problems in the case of a refinance; some indicators of financial strain may include:
 - Income tax, judgements, or similar liens recorded
 - Delinquent property taxes
 - Notice of default or modification agreement recorded

Fraud Red Flags – Loan funds/Loan Servicing

- Unusual funds transfer activity, or disbursement of loan proceeds by multiple bank checks
- Property purchased in the name of a third party
- Attempt to sever the paper trail, or efforts to avoid reporting or recordkeeping requirements
- Loans are paid by a third party with no reasonable explanation
- Sudden/unexpected accelerated payment on loans without supported sources of funds of documented increases in income
- Sudden or unusual change in uses of loan proceeds, particularly by wire, ACH, or borrower-issued access checks
- Borrower defaults on a cash-secured loan or any loan that is secured by assets which are readily convertible into currency

Fraud Red Flags – Insiders

- Unwilling to share duties or take leave
- Replacing existing suppliers with suppliers that they have a close connection with
- Lax or often avoid compliance with Bank policies
- Living a lifestyle above their means or lavishing gifts on colleagues
- Failing to keep appropriate or accurate records/receipts
- Bullying colleagues
- Seeking access to areas which they should not be able to access
- Long term shortage of cash/financial hardship
- Consistently seeking loans or advances
- Past legal/compliance problems
- Addiction problems
- Gambling problems
- Significant personal stress
- Strong sense of entitlement
- Unhappy with employer