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Hon. Daniel Dromm, Chair

##### October 13, 2020

**OVERSIGHT: Examining the City's Deed Theft and Deed Fraud Crisis**

**Res. No. 1427:** By Council Member Cornegy

**Title:** Resolution calling upon the New York State Legislature to pass, and the Governor to sign legislation that reforms New York State's notary laws for new and renewing notary applicants

**Res. No. 1429:** By Council Member Cornegy

**Title:** Resolution calling on the New York State Legislature to pass, and the Governor to sign, legislation adopting more stringent standards around corporations' names that mimic government agencies to protect City residents from deed theft

**Res. No. 1430:** By Council Member Cornegy

**Title:** Resolution calling upon the New York State Legislature to pass, and the Governor to sign, A.6775/S.1253, to designating the county of Kings a cease and desist zone and establishing an affirmative defense to violations of nonsolicitation orders and cease and desist zones

**Intro. No. 1913:** By Council Members Adams, Cornegy, Van Bramer and Chin

**Title:** A Local Law to amend the administrative code of the city of New York, in relation to reporting on complaints received and investigations regarding recorded document fraud

**Intro. No. 1919:** By Council Members Dromm, Kallos, Van Bramer, Chin and Yeger

**Title:** A Local Law to amend the administrative code of the city of New York, in relation to the notification of recording of real estate instruments

1. **Introduction**

On October 13, 2020, the Committee on Housing and Buildings, chaired by Council Member Robert Cornegy, together with the Committee on Finance, chaired by Council Member Daniel Dromm, will hold an oversight hearing entitled “Examining the City's Deed Theft and Deed Fraud Crisis.” The Committees will also hear Resolutions 1427, 1429, and 1430 sponsored by Council Member Cornegy, Int. No. 1913 sponsored by Council Member Adams, and Int. No. 1919 sponsored by Council Member Dromm. The Committees expect to receive testimony from the New York City (“NYC” or “City”) Department of Housing Preservation and Development (“HPD”), the NYC Department of Finance (“DOF”), legal service providers, advocates, and other key stakeholders to learn more about the how real property deed fraud is affecting New York City homeowners and the efforts that are being made to combat it.

1. **Background**

In recent years, the occurrence of real property scams, such as real property deed fraud, have been on the rise.[[1]](#footnote-2) Factors that have led to this increase include the 2008 foreclosure crisis and resulting recession, as well as the significant rise in property values that the City has seen as part of its ensuing recovery. These factors make schemes to obtain real property even more lucrative for fraudsters and criminals. Moreover, as a result of the COVID-19 pandemic, homeowners facing snowballing debts and possible defaults may become more vulnerable to deed fraud scams. Homeowners targeted for deed fraud scams “are largely from the most vulnerable segments of our society–people of color, the elderly, the financially disadvantaged, the medically infirm, the uneducated, and the unsophisticated.”[[2]](#footnote-3)

While deed fraud scams occur through differing methods, all involve the fraudulent transfer of the ownership of a home to a third party.[[3]](#footnote-4) The results of these scams can be devastating to homeowners, who may already be struggling under the weight of an impending foreclosure or a death in the family, both financially and emotionally, when they realize that the home they thought they owned may now on paper belong to someone else.

On a local level, complaints of deed fraud are reported to the New York City Sheriff which is housed within DOF. DOF reports receiving 3,152 deed theft complaints between July 2014 and June 2020, with approximately half coming from Brooklyn.[[4]](#footnote-5)

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| **Map of Deed Fraud Complaints to Department of Finance, 2014-2018** |
| Map  Description automatically generated |
| Source: Appendix, Grand Jury Deed Theft Report (December 2018)[[5]](#footnote-6) |

Map insert above shows the boroughs of New York City with dots indicating locations where there have been deed fraud complaints between 2014 and 2018, with clusters of deed fraud complaints centered in South Queens and Eastern Brooklyn.

The vast majority of these complaints were closed upon further investigation; however, between July 2014 and June 2020, DOF made 110 referrals to the City’s district attorneys for criminal investigation, 48 of which led to arrests.[[6]](#footnote-7) In addition, the Office of the Attorney General receives three to four reports of deed theft a week, predominantly from Brooklyn, Queens, Northern Manhattan, and The Bronx.[[7]](#footnote-8)

Common Deed Fraud Scams

There are two main typologies of deed theft: forged deeds and fraudulently transferred deeds.[[8]](#footnote-9) The first type of deed fraud is the outright forgery of deeds, in which the scammer will create a fake deed, sign as the buyer, forge the signature of the homeowner/seller, and record the deed, to make it look like they purchased the home.[[9]](#footnote-10) Such fraud makes it possible for a scammer to borrow against the property, sell it, or evict the rightful owner and live there.[[10]](#footnote-11) Cases of forged deeds often occur where property has been vacant for long periods of time, there is an absentee property owner, or when property has recently been inherited after the death of the prior homeowner and the new owner has not yet taken possession.[[11]](#footnote-12) Often, the forgers will take possession of the property without the legitimate owner’s knowledge.[[12]](#footnote-13)

In one such situation, a man learned that his name had been signed on a fraudulent deed, which was subsequently filed with the City Register transferring his property, only after conducting a title search.[[13]](#footnote-14) In another such situation, a woman learned that her vacant family home was being occupied by strangers after noticing that her water bill had increased.[[14]](#footnote-15) The deed to the house had been fraudulently executed and recorded, and the new “owner” had moved in.[[15]](#footnote-16)

The second type of deed fraud involves tricking homeowners into signing their properties over to a scammer without knowing what they are doing.[[16]](#footnote-17) Often this happens in the context of a foreclosure rescue scam, whereby scammers take advantage of desperate homeowners who have fallen behind in their mortgage payments by offering various types of assistance, such as a loan modification or mortgage assistance in exchange for a fee.[[17]](#footnote-18)

Common scenarios of fraudulently transferred deeds include the “lease/buyback” and the “bait and switch.”[[18]](#footnote-19) Under a “lease/buyback” scam, a homeowner is induced into signing a deed under the pretense that the deed transfer is required by their bank.[[19]](#footnote-20) The scammer promises to save a homeowner’s property from foreclosure (and in some cases repair the homeowner’s credit and/or pay off their debts).[[20]](#footnote-21) In exchange, the homeowner is required to “temporarily” sign the deed over to a third party.[[21]](#footnote-22) Typically, the homeowner will be presented with various alleged foreclosure rescue documents to sign. The homeowner neither reads nor understands the documents before signing. As a result, the homeowner unwittingly signs a document transferring ownership of the property.[[22]](#footnote-23) The homeowner can continue to remain at the property, but must pay “lease” payments to the scammer, who assures the homeowner that they can buy back the property in the future.[[23]](#footnote-24) Despite these assertions, the homeowner soon discovers they are, in fact, unable to buy back their property, and may instead be evicted by the new owner.[[24]](#footnote-25)

Under the “bait and switch” scam, the homeowner may not even realize that they have signed over their deed because they are induced to sign blank or fraudulently characterized paperwork. Typically, the homeowner will be presented with various alleged foreclosure rescue documents to sign. The homeowner neither reads nor understands the documents before signing. As a result, the homeowner unwittingly signs a document transferring ownership of the property.[[25]](#footnote-26) Once the transfer documents are executed, and the homeowner believes that he or she has been rescued from foreclosure, the scammer will try to evict the homeowner.[[26]](#footnote-27)

In both types of cases, the property frequently changes ownership numerous times after a deed is signed away, making it extremely difficult to find the proper owner.[[27]](#footnote-28) Making these cases more complicated to investigate and prosecute is the rise of the use of sham limited liability companies (“LLCs”) to effectuate these scams.[[28]](#footnote-29) LLCs are a hybrid type of legal structure that provides their owners with the protection from liability afforded to corporations together with the tax efficiencies and operational flexibility of partnerships.[[29]](#footnote-30) LLCs also have the ability to shield the names of their owners and, when used to purchase property, can make it difficult to ascertain who actually owns the property.[[30]](#footnote-31)

These scams are frequently perpetrated by distressed property consultants – individuals or entities who offer to provide foreclosure assistance to distressed homeowners.[[31]](#footnote-32) Although some distressed property consultants are legitimate and offer assistance to homeowners in financial distress, many seek out distressed homeowners in order to perpetrate theft or fraud.[[32]](#footnote-33) They search public foreclosure notices[[33]](#footnote-34) on file with the local Country Clerk’s office[[34]](#footnote-35) and contact the distressed homeowner by mail, by phone, or in person by knocking on the homeowner’s door.[[35]](#footnote-36)

One distressed property consultant, Launch Development LLC, would entice distressed homeowners to enter into a buyback agreement, whereby the homeowner would sell the property to Launch Development with the understanding that the property would be returned to the homeowner, and that the homeowner could remain in the property during the interim. [[36]](#footnote-37) The homeowner would subsequently be forced to move out of the property.[[37]](#footnote-38) Another such, August West Development, persuaded a homeowner who had fallen behind on his mortgage payments to sign paperwork that, inadvertently, sold the house valued at $1.5 million for $630,000.[[38]](#footnote-39)

Distressed Property Consultants

Following the subprime mortgage crises,[[39]](#footnote-40) in 2008, the State of New York amended the Real Property Law[[40]](#footnote-41) to add section 265-b, which regulates “[d]istressed property consulting contracts.” Section 265-b places prohibitions and requirements on distressed property consultants, defined as an individual or entity that “directly or indirectly, solicits or undertakes employment to provide consulting services to a homeowner for compensation or promise of compensation with respect to a distressed home loan or a potential loss of the home for nonpayment of taxes.” This law prohibits consultants from taking power of attorney from the homeowner, accepting payment for services before the completion of services, and retaining original loan documents. The law requires consultants to execute a contract with the homeowner that contains certain disclosures, including the nature of the services provided, that the distressed property consultant cannot request payment in full upfront, and a notification that the homeowner can terminate the services of the distressed property consultant within five days of executing a contract with the consultant.[[41]](#footnote-42)

In 2009, the Council passed Local Law 74 of 2009, which added section 20-723.3 to the Administrative Code.[[42]](#footnote-43) This local law requires that distressed property consultants disclose the prohibitions contained in section 265-b of the Real Property Law.

These laws were passed to prevent distressed property consultants from exploiting vulnerable homeowners who had entered into subprime mortgages and subsequently fell behind on those mortgages.[[43]](#footnote-44) These distressed property consultants would, for a fee, promise to modify a mortgage for a distressed property.[[44]](#footnote-45) Frequently, these homeowners could have sought the same type of assistance for free from nonprofit organizations.[[45]](#footnote-46)

More recently, these distressed property consultants have facilitated deed theft. In neighborhoods like Crown Heights and Bedford-Stuyvesant, which have a large number of well-maintained townhouses, these individuals – or more frequently LLCs – will offer assistance to a homeowner facing foreclosure, or who has amassed liens, in exchange for their signature on a document.[[46]](#footnote-47) Frequently, these homeowners sign documents without knowing that such documents transfer ownership of their properties to the distressed property consultants.[[47]](#footnote-48) Homeowners only learn that their properties have been transferred when it is too late to undo the transfer.[[48]](#footnote-49)

Even though these distressed property consultants fall under the Real Property Law definition of distressed property consultant, many do not follow the law’s restrictions. Instead, as discussed above, these distressed property consultants engage in outright fraud – offering homeowners facing foreclosure “solutions” in exchange for transfer of a deed, the assessment of high fees and interest rates, or offering a short buyback period.[[49]](#footnote-50) Solutions offered include asking the homeowner to transfer the property to a third party who has better credit so that the consultant can try to obtain more favorable financing, offering to pay off the homeowner’s mortgage in exchange for a low cost loan, or offering to negotiate with the homeowner’s lender.[[50]](#footnote-51) Distressed property consultants offer assistance to homeowners on terms that make it nearly impossible for the homeowner to maintain title of the property.[[51]](#footnote-52)

When a distressed property consultant is found to have violated the provisions of the Real Property Law, the aggrieved party is entitled to damages, and may seek to have the distressed property consultant contract nullified. The Office of the New York State Attorney General may also issue an injunction and asses penalties.[[52]](#footnote-53) Similarly, a person or entity who violates the mandated distressed property consultant disclosures in the Administrative Code may have penalties assessed against them by the Department of Consumer Affairs.[[53]](#footnote-54) These remedies are only effective if the aggrieved party seeks redress in court or reports the violation to the Department of Consumer Affairs or the Attorney General. Many victims of deed theft and deed fraud may not know about these remedies and therefore may not avail themselves of them.

More recently, A.6558/S.5065 was introduced. This bill would prevent mortgage companies, mortgage brokers, and home improvement contractors from joining together to encourage homeowners with equity in their homes to obtain mortgages with unaffordable terms.[[54]](#footnote-55)

Cease and Desist Zones

Under section 442-h of the Real Property Law, the New York State Department of State (“NYSDOS”), can establish “cease and desist zones,” in defined geographic areas that are “subject to intense and repeated solicitation by real estate brokers and salespersons to place their property for sale with such real estate brokers or salespersons," or that are “subject to intense and repeated solicitation by other persons regularly engaged in the trade or business of buying and selling real estate to sell their real estate.”[[55]](#footnote-56) Owners of properties in these cease and desist zones are allowed to register with NYSDOS[[56]](#footnote-57) to be included on a list of homeowners who do not want to be solicited.[[57]](#footnote-58) Currently there are cease and desist zones in Queens, the Bronx and in Rockland County.

In 2019, State legislation was introduced to expand the cease and desist zones to include certain “at risk” locations in Brooklyn.[[58]](#footnote-59) Another bill, A.6775/S.1253, would expand the cease and desist zone to the entirety of Brooklyn.[[59]](#footnote-60) In July 2020, NYSDOS also published proposed rules in Volume XLII, Issue 26 of the New York State Register.[[60]](#footnote-61) These rules create a new cease and desist zone in East New York.[[61]](#footnote-62) There has been a push to add East New York to the cease and desist zones since the 2016 rezoning by community groups in the neighborhood.[[62]](#footnote-63) The comment period for the proposed rule closed on August 30, 2020 but no final rule has been promulgated.[[63]](#footnote-64) The designation of a cease and desist zone is effective for five years.[[64]](#footnote-65)

With the exception of pending legislation, no other movement has been made to designate areas that are at “hot beds” of deed theft and deed fraud, like Bedford-Stuyvesant and Crown Heights, as cease and desist zones.[[65]](#footnote-66)

1. **Powers of the Department of Finance**

There are two offices within DOF that have authority over deeds and combatting deed fraud. The City Register[[66]](#footnote-67) records and maintains deeds, while the City Sheriff[[67]](#footnote-68) investigates cases of alleged deed fraud and, when appropriate, makes arrests.

The City Register

In Manhattan, Brooklyn, Queens, and the Bronx, the City Register is responsible for recording and maintaining all official documents related to transfers of real property and certain interests in personal property related to co-operatives.[[68]](#footnote-69) The documents recorded and maintained by the City Register include deeds, mortgages, satisfactions or assignments of mortgages, powers of attorney, and the Commercial Code financing documents for co-operatives.[[69]](#footnote-70) To facilitate this responsibility, DOF maintains a database of all property records called the Automated City Register Information System (“ACRIS”). The City Register accepts all recorded documents electronically through that system.[[70]](#footnote-71) In addition, the publicly searchable database allows users to search for and view documents from 1966 to the present.[[71]](#footnote-72)

The City Register also collects the Real Property Transfer Tax (“RPTT”) and Mortgage Recording Tax (“MRT”) when documents are submitted for recording.[[72]](#footnote-73) The forms and other documents for paying these taxes are prepared through ACRIS.

The City Register’s discretion with respect to recording deeds is extremely limited. The Real Property Law sets forth all requirements for recording deeds, mortgages, and other written instruments relating to the conveyance of real property within New York State.[[73]](#footnote-74) Pursuant to the Real Property Law, every conveyance presented to the City Register must be recorded, so long as the written instrument being recorded has the appropriate signatures and is notarized or otherwise appropriately witnessed and that all fees have been paid.[[74]](#footnote-75) The New York State Court of Appeals has found that, so long as these requirements are satisfied, the City Register has no discretion in whether to record a written instrument – doing so is merely a “ministerial duty.”[[75]](#footnote-76) This is true even where the City Register may identify that the deed may be fraudulent.[[76]](#footnote-77)

The Office of the City Sheriff

The Office of the City Sheriff is headed by the Sheriff who may appoint an Undersheriff for each county, as well as Deputy Sheriffs.[[77]](#footnote-78) The Sheriff is an officer of the court whose main job is to serve and execute legal processes/mandates issued by the State courts, legal community and the general public.[[78]](#footnote-79) The Office of the City Sheriff enforces court mandates and processes. The majority of its duties include: 1) discovery and seizure of property; 2) cigarette tax and license enforcement; 3) arrests; and 4) serving a variety of mandates, orders, and decrees issued by various courts.[[79]](#footnote-80)

The Sheriff, Undersheriffs, and Deputy Sheriffs are designated as peace officers with the authority to make arrests, including warrantless arrests.[[80]](#footnote-81) As part of its investigatory and arrest powers, the Office of the City Sheriff has a Bureau of Criminal Investigation (“BCI”), which serves as the agency’s criminal tax and financial crimes investigation unit. BCI conducts a wide variety of criminal investigations such as investigations into alleged real property deed fraud.[[81]](#footnote-82) In doing so, the Sheriff works collaboratively with other governmental officials like the New York City Police Department, the District Attorneys’ Offices, and the State Department of Taxation and Finance.[[82]](#footnote-83)

1. **Efforts by the Department of Finance to Combat Real Property Deed Fraud**

The Commissioner of Finance has implemented a number of programs and policy changes to combat real property deed fraud. Some of those initiatives are outlined below, and the Committee looks forward to hearing testimony regarding their efficacy as well as testimony about any other steps DOF is undertaking to combat deed fraud.

Flagging Suspicious Deeds

According to the Administration, DOF has identified indicators of deed fraud that are observable from a review of the deed and transfer documents.[[83]](#footnote-84) Indicators include a sale price far below market value, multiple transfers between LLCs in a short period, or transfers by people or entities known to have committed or suspected of deed fraud in the past.

Previously, when the City Register reviewed a deed that had these and other questionable indicators, in an effort to be “customer-friendly,” it was DOF’s policy to return the deed to the filer with instructions on how to cure the defects.[[84]](#footnote-85) However, DOF realized that it was essentially providing a “road map” for those engaged in fraud to have their fraudulent deeds recorded.[[85]](#footnote-86) For example, if multiple Social Security numbers were used over several documents, which is an indicator of a suspicious deed transfer, the City Register would highlight this discrepancy and return it to the filer to correct the information.

More recently, rather than returning the deed to the filer, the City Register will instead refer suspicious deeds to the Sheriff for investigation.[[86]](#footnote-87) The Sheriff will contact the buyers and the sellers to determine that they understand what is happening when the deed is recorded.[[87]](#footnote-88) If it appears the filer has a legitimate application but needs help with a few defects, the Sheriff will work with the filer to fix the issues in about 36 hours and City Register will record the deed.[[88]](#footnote-89) If questions remain about whether the filing is legitimate, the Sheriff can continue investigating and if appropriate, make an arrest.[[89]](#footnote-90) Indeed, DOF reports that approximately half of the deed fraud complaints referred to the Sheriff originate with the City Register.[[90]](#footnote-91)

Notice of Recorded Document Program

In July 2010, DOF implemented the Notice of Recorded Document Program, which allows homeowners, lienors, or their designees (or executors/administrators of the estates of owners) to register to receive electronic or regular mail notification when a deed or deed-related document, or another document affecting an ownership interest in real property has been recorded against a property.[[91]](#footnote-92) This free program alerts registered homeowners when documents are recorded without their knowledge and will allow them to take steps to limit the harm caused by the recording of a fraudulent document.[[92]](#footnote-93)

In December 2017, after DOF reported approximately 50,000 opt-in registrations,[[93]](#footnote-94) the Council codified the program and made it opt-out, automatically registering each property owner named on the most recent deed-related or mortgage-related document recorded and indexed by the city register or the office of the Richmond county clerk.[[94]](#footnote-95) The local law additionally requires that DOF report on the utilization of this system and on referrals to the Sheriff regarding suspected deed fraud. Finally, the local law additionally requires DOF to engage in outreach to homeowners about the program.[[95]](#footnote-96)

Changes to LLC disclosures on RPTT Form

In May 2015, DOF revised the RPTT form to require that LLCs that purchase or sell property in New York City disclose the names of all members of the LLC, whereas the prior version of the form required only that one member of the LLC be named.[[96]](#footnote-97)

In September 2019, State law changes forced additional disclosure when an LLC is the grantor or grantee in a real property deed transfer of a building containing one- to four-family dwelling units.[[97]](#footnote-98) Now an enhanced member list must be attached to the RPTT form, detailing the name and business address of all members, managers, and other authorized persons of the LLC.[[98]](#footnote-99) If any member of the LLC is itself an LLC or other business entity, the names and business addresses of the shareholders, directors, officers, members, managers and/or partners of that LLC or other business entity must also be provided until ultimate ownership by natural persons is disclosed.[[99]](#footnote-100)

1. **Recent Investigations on the Scope of the Deed Theft and Deed Fraud Crisis**

The deed theft and deed fraud crisis has attracted much attention, including by the City Council in the immediately-prior session. In February 2016, the Committee on Finance convened a hearing on the City’s Efforts to Combat Real Property Deed Fraud.[[100]](#footnote-101) The Committee received testimony from the Commissioner of Finance Jacques Jiha, City Register Annette Hill, and Sheriff Joseph Fucito detailing the administration’s efforts, as well as testimony from several attorneys working to protect homeowners.

In December 2018, an investigative grand jury convened by Manhattan District Cyrus Vance, Jr. released a report of its own on the epidemic of fraud in the conveyance of residential real estate.[[101]](#footnote-102) The grand jury heard testimony from dozens of witnesses, including public officials, law enforcement officers, academics, and legal experts and recommended five categories of reforms:

1. Impose new requirements on licensed notaries public, including, requiring them (a) to keep a journal, and (b) to receive continuing legal education before the notary commission is renewed;
2. Implement new procedures to prevent and detect fraud involving residential real property, including, (a) requesting that the New York City Department of Finance capture IP addresses (the geographical location) associated with ACRIS, and (b) requiring limited liability companies to disclose all beneficial owners to the New York State Secretary of State and the New York City Department of Finance;
3. Amend the Penal Law (a) to create a class D felony of Offering a False Instrument for Filing in the First Degree applicable to the filing and the attempted filing of all false deeds and supporting documents necessary to the recording of a deed, and (b) to include “a deed and supporting documents necessary for the recording of a deed” as a qualifying instrument for Forgery in the First Degree and Criminal Possession of a Forged Instrument in the First Degree;
4. Establish procedures to restore residential real property to the rightful owner more expeditiously, including, (a) creating a summary procedure authorizing a prosecutor to move, upon conviction, for an order declaring a fraudulent deed void ab initio, and (b) requesting the City of New York to designate a liaison from an applicable governmental agency to work with pro bono attorneys to assist homeowners; and
5. Expand the rules of admissibility of evidence before the grand jury to permit the introduction of (a) all business record by affidavit from a custodian of records. and (b) remote audio-video testimony by witnesses who are located more than 100 miles from the grand jury.[[102]](#footnote-103)

Many of these policy recommendations require State, or joint City-State, action and none have yet specifically been enacted. One piece of legislation has been introduced to remedy notary fraud. A.5201/S.812 would require notaries to retain documents that are related to real property transfers in order to increase accountability of notaries and prevent fraudulent execution and transfer of deeds.[[103]](#footnote-104)

In March 2019, the State Legislature convened its own joint hearing, at Brooklyn Borough Hall, to examine the crisis facing homeowners in Brooklyn and throughout New York City, including the problem of deed theft.[[104]](#footnote-105) Testimony was taken from homeowners, legal experts, foreclosure prevention advocates and stakeholders.[[105]](#footnote-106) Significantly, the hearing helped build momentum for the eventual passage of a State law that provided greater consumer protections for owners targeted by foreclosure rescue scams by:

1. Prohibiting abusive and deceptive behaviors such as pretending to be law enforcement or government representatives, taking temporary ownership of a deed, or engaging in harassment of the homeowner or the homeowner’s family;
2. Eliminating the requirement that a homeowner post a bond in order to file a lawsuit to stop a deed transfer;
3. Prohibiting loan modification consultants from requiring upfront fees for services;
4. Extending the amount of time a homeowner has to rescind transactions with distressed property consultants from five days to 14 days; and
5. Providing a clear legal path to restore the title of a property when there has been a criminal conviction based on fraudulent actions concerning a property transfer.[[106]](#footnote-107)

Finally, Attorney General Letitia James has been focused on combating deed fraud and deed theft. She convened a day of action in Prospect Lefferts Gardens and East Flatbush on January 11, 2020, launched the Protect our Homes initiative, to protect homeowners from deed theft scams through community education and outreach, enforcement, and by going door to door in Bedford-Stuyvesant to inform homeowners of various scams, along with dozens of other elected officials.[[107]](#footnote-108)

1. **Legislation**

At this hearing, the committees will hear three resolutions (Res. Nos. 1427, 1429, and 1430), as well as two introductions (Intro. Nos. 1913 and 1919). The two introductions are analyzed, and all five pieces of legislation are included below.

1. Analysis of Intro. No. 1913

Section 1 of Intro. No. 1913 would require the Sheriff to report annually on recorded document fraud complaints and investigations, disaggregated by borough and council district, including but not limited to: the number of complaints about recorded document fraud received, aggregated by method of submission; the number of complaints about recorded document fraud for which no investigation was commenced, and the reason why; the number of investigations of recorded document fraud commenced; and the number of investigations of recorded document fraud concluded, and the outcome of each such investigation.

Section 2 of Intro. No. 1913 would provide that the local law takes effect immediately.

1. Analysis of Intro. No 1919

Section 1 of Intro. No. 1919 would require that notifications send to owners of property regarding the recording of a deed-related or mortgage-related document affecting such party's interest in such property additionally include information on actions the interested party can take if such interested party suspects that a fraudulent document recording has occurred, including but not limited to, information about whom to contact for assistance, to file a complaint or to report an alleged criminal violation.

Section 2 of Intro. No. 1919 would reduce the required frequency of Department of Finance reports on the notice of recorded document program from quarterly to annual, starting with the report due no later than November 1, 2020.

Section 3 of Intro. No. 1919 would provide that the local law takes effect immediately, except that section one of such introduction takes effect 60 days after it becomes law.

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Res. No. 1427

Resolution calling upon the New York State Legislature to pass, and the Governor to sign legislation that reforms New York State’s notary laws for new and renewing notary applicants

By Council Member Cornegy

Whereas, According to the New York City Department of Finance, deed fraud occurs when a fraudulent deed is recorded against a property owner and in some cases the owner is unaware of the deed transfer; and

Whereas, On December 2018, the Manhattan District Attorney’s office received a report from a Manhattan Grand Jury which highlighted that New York City’s law enforcement authorities received 2,000 complaints of deed frauds in the previous four years and almost every case of fraud had a faulty notarization; and

Whereas, According to the National Notary Association, criminals have tricked notaries, who were not active participants in their deception, to notarize documents without the signatory being present or accepted a false identification of an imposter who claims to represent the property owner; and

Whereas, The National Notary Association stated that some of the forged documents have not been revealed since many of the victims are seniors, seriously ill or heirs of deceased homeowners who are unaware of the deceit; and

Whereas, The Manhattan Grand Jury recommended that the state to pass legislation the following reforms to New York State’s notary laws for new and renewing notary applicants; and

Whereas, The State bill should require the fingerprinting of a notary public applicant as part of the background check before such applicant is appointed as a notary public to verify the applicant’s identity; and

Whereas, The State bill should require a notary public applicant to complete a designated course, that is approved by the New York State Secretary of State, before the applicant takes the written exam and the notary public should be required to take a refresher course to highlight any new trends in the field or changes that were made to the law every four years; and

Whereas, The State bill should require the notary public to keep a journal for a set period of time that includes the date, time and type of each notarial acts; and

Whereas, The State bill should require a notary public to file an official bond to pay for any potential damages if the notary public commits any wrongdoing; and

Whereas, The State bill should also require a notary public to: A) have their own notary seal, B) use a valid seal to notarized documents, C) obtain a new notary seal upon renewal of their notary public commission, and D) not change the expiration date of their seal manually; now, therefore, be it

                     Resolved, That the Council of the City of New York calls on the New York State Legislature to pass, and the Governor to sign legislation that reforms New York State’s notary laws for new and renewing notary applicants.

JLC

LS 9418

4/06/2020

Res. No. 1429

Resolution calling on the New York State Legislature to pass, and the Governor to sign, legislation adopting more stringent standards around corporations’ names that mimic government agencies to protect City residents from deed theft

By Council Member Cornegy

Whereas, Home ownership is an avenue for people to accumulate wealth and pass down equity to future generations; and

Whereas, As New York City (NYC) is one of the most expensive real estate markets in the world, homeowners in the City can face predatory scams; and

Whereas, Deed theft is a tool used by criminals and exploitative real estate developers to illegally obtain real estate that can be sold for profit; and

Whereas, Deed theft perpetrators obtain these properties through the use of deceptive practices to convince property owners through fraudulent paperwork or misrepresentation to sign over the deed of their home; and

Whereas, Deed theft perpetrators often target communities of color and vulnerable City populations, including immigrants, the elderly and City residents under financial distress; and

Whereas, The Office of New York State Attorney General Letitia James receives three to four reports of deed theft a week, predominantly from Brooklyn, Queens, Northern Manhattan, and the Bronx; and

Whereas, Homeowners in gentrifying areas in Brooklyn have become prime targets of deed theft; and

Whereas, Between 2014 and 2019, the NYC Office of the Sheriff received nearly 3,000 complaints about deed fraud, 45 percent of which came from Brooklyn; and

Whereas, Deed theft perpetrators utilize a range of tactics to convince homeowners to sign over the deed of their homes, including using shell or limited liability companies to make it difficult for homeowners to determine the scammers’ identities; and

Whereas, Deed theft company names can be inconspicuous, or resemble a government entity so the company sounds trustworthy; and

Whereas, On April 10th, 2018, two deed theft perpetrators pled guilty before the United States District Court for the Southern District of New York for conspiracy to commit wire and bank fraud in connection to their scheme to fraudulently induce homeowners to sell their homes to a company the perpetrators owned; and

Whereas, These deed theft perpetrators lured victims through a company called Homeowner Assistance Services of New York, which claimed to provide assistance to City homeowners who were seeking to avoid foreclosure of their homes; and

Whereas, On August 14th, 2019, Governor Cuomo signed A.5615, introduced by New York State Assembly Member Helene Weinstein, and S.1688, introduced by New York State Senator Velmanette Montgomery, known as the “Deed Theft Bill”, which prohibits distressed property consultants from deceptive behaviors such as pretending to be law enforcement or a representative from a government agency; and

Whereas, New York State can further protect City residents from deed theft by prohibiting corporations from having names that give City residents the impression that they are affiliated with a government agency; now, therefore, be it

Resolved, That the Council of the City of New York calls on the New York State Legislature to pass, and the Governor to sign, legislation adopting more stringent standards around corporations’ names that mimic government agencies to protect City residents from deed theft.

LS #14,051

5/27/2020

NM

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Res. No. 1430

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, A.6775/S.1253, to designating the county of Kings a cease and desist zone and establishing an affirmative defense to violations of nonsolicitation orders and cease and desist zones

By Council Member Cornegy

Whereas, Realtors, investors, and developers who regularly engage in buying and selling real estate are prohibited from contacting homeowners who are on the cease and desist list; and

Whereas, The current Cease and Desist Zones includes homeowners from the Bronx and Queens and the list is updated every month by the New York State Department of State; and

Whereas, Real Estate investors who contact homeowners on the cease and desist list can be fined, lose their real estate license or even face criminal charges; and

Whereas, According to news media, Brooklyn residents who attended a town hall on May 5, 2020 raised concerns about predatory real estate practices that targeted seniors and other homeowners who fell behind on their water bill or property taxes with efforts to sell or list their home; and

Whereas, In order to further curb aggressive real estate solicitation practices, the State legislature should expand the cease and desist zone to include Brooklyn; and

Whereas, A. 6775, introduced by Assembly Member Wright and pending in the New York State Assembly, and companion bill S.1253, introduced by State Senator Parker and pending in the New York State Senate would create a real estate cease and desist program in Brooklyn (i.e. Kings County) to assist homeowners who wish not to be solicited by real estate brokers or agents; now, therefore, be it

Resolved, That the Council of the City of New York calls on the New York State Legislature to pass, and the Governor to sign, A.6775/S.1253, to designating the county of Kings a cease and desist zone and establishing an affirmative defense to violations of nonsolicitation orders and cease and desist zones.

JLC  
LS 14052  
04/02/2020

Int. No. 1913

By Council Members Adams and Cornegy

..Title

A Local Law to amend the administrative code of the city of New York, in relation to reporting on complaints received and investigations regarding recorded document fraud

..Body

Be it enacted by the Council as follows:

Section 1. Chapter 5 of title 7 of the administrative code of the city of New York is amended to add section 7-517 to read as follows:

§ 7-517. Reporting on complaints about and investigations of recorded document fraud. By December 31, 2020 and no later than December 31 annually thereafter, the sheriff shall submit to the speaker of the council and post on the website of the department of finance a report describing the complaints received and investigations regarding recorded document fraud in the prior calendar year. Such report shall include, but need not be limited to, the following information, disaggregated by borough and by council district:

1. the number of complaints about recorded document fraud received, aggregated by

method of submission;

1. the number of complaints about recorded document fraud for which no investigation

was commenced, and the reason why;

1. the number of investigations of recorded document fraud commenced;
2. the number of investigations of recorded document fraud concluded, and the outcome

of each such investigation;

§ 2. This local law takes effect immediately.

NAB

LS #13563/13587

03/12/2020 6:15pm

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Int. No. 1919

By Council Member Dromm

..Title

A Local Law to amend the administrative code of the city of New York, in relation to the notification of recording of real estate instruments

..Body

Be it enacted by the Council as follows:

Section 1. Subdivision b of section 7-628 of the administrative code of the city of New York, as added by local law number 249 for the year 2017, is amended to read as follows:

b. The department shall establish and maintain a system that provides any interested party a notification by e-mail, text message, or postal mail, that a deed-related or mortgage-related document affecting such party's interest in real property located in the city has been recorded against such property with the city register or the office of the Richmond county clerk, provided that the department has received notice of such recording from the office of the Richmond county clerk. Such notification shall include information on actions the interested party can take if such interested party suspects that a fraudulent document recording has occurred, including but not limited to, information about whom to contact for assistance, to file a complaint or to report an alleged criminal violation. The department shall not charge a fee for use of such notification system.

§ 2. Subdivision e of section 7-628 of the administrative code of the city of New York, as added by local law number 249 for the year 2017, is amended to read as follows:

e. The department shall report on [a quarterly] an annual basis on the notification system established pursuant to subdivision b of this section, and shall include data for Richmond county to the extent that the department has received data from the office of the Richmond county clerk. Such report shall be submitted to the council and published on the department's website no later than the first day of [February, May, August, and] November of each year[, with the first report due November 1, 2018]. Such report shall include, but not be limited to, the following information for the prior [quarter] year, disaggregated by borough:

(1) total number of individuals registered to receive notifications through the system required by subdivision b of this section, disaggregated by the type of interested party;

(2) total number of individuals registered to receive notifications for multiple properties;

(3) total number of properties for which an individual is registered to receive notifications;

(4) total number of individuals who opted out of receiving notifications;

(5) total number of individuals who contacted the department regarding an incorrect or suspected fraudulent document recording, disaggregated by the source of information that led to such contact; and

(6) total number of referrals made by the city register or office of the Richmond county clerk to the city sheriff related to suspected fraudulent document recording, the outcomes of such referrals, and whether an investigation was commenced by the sheriff.

§ 3. This local law takes effect immediately, except that section one of this local law takes effect 60 days after it becomes law.

RKC

LS #13566

02/21/2020

1. *See* Press Release: Attorney General James Launches Protect Our Homes Initiative To Combat Deed Theft, New York State Attorney General, January 11, 2020, *available at*: [https://ag.ny.gov/press-release/2020/attorney-general-james-launches-protect-our-homes-initiative-combat-deed-theft](mailto:https://ag.ny.gov/press-release/2020/attorney-general-james-launches-protect-our-homes-initiative-combat-deed-theft) (*last accessed* October 4, 2020); *see also* “What You Need to Know About Foreclosure ‘Rescue’ Scams,” The Legal Aid Society, March 31, 2020, *available at*: [https://www.legalaidnyc.org/get-help/housing-problems/what-you-need-to-know-about-foreclosure-rescue-scams/](mailto:https://www.legalaidnyc.org/get-help/housing-problems/what-you-need-to-know-about-foreclosure-rescue-scams/) (*last accessed* October 4, 2020). [↑](#footnote-ref-2)
2. *See* Report of the Grand Jury of the Supreme Court State of New York First Judicial District, December 2018, *available at*: [https://www.manhattanda.org/wp-content/uploads/2018/12/Deed-Fraud-Grand-Jury-Report.pdf](mailto:https://www.manhattanda.org/wp-content/uploads/2018/12/Deed-Fraud-Grand-Jury-Report.pdf) (*last accessed* October 4, 2020); *see also* Center for NYC Neighborhoods and the Lawyers’ Committee for Civil Rights Under Law, “Who Can You Trust? The Foreclosure Rescue Scam Crisis in New York,” Dec. 2014, *available at*: <http://cnycn.org/wp-content/uploads/2014/12/Who-Can-You-Trust.pdf> (*last accessed* October 4, 2020). [↑](#footnote-ref-3)
3. “Deed Theft Scams,” Center for NYC Neighborhoods, *available at*: <http://cnycn.org/2015/06/deed-theft-scams/> (*last accessed* October 4, 2020). [↑](#footnote-ref-4)
4. *See* “Report on Local Law 249-2017 FY2020 2nd Quarter,” New York City Department of Finance, January 2020; “Report on Local Law 249-2017 FY2020 3rd Quarter,” New York City Department of Finance, April 2020; “Report on Local Law 249-2017 FY2020 4th Quarter,” New York City Department of Finance, July 2020. [↑](#footnote-ref-5)
5. Grand Jury Deed Fraud Report, *supra* fn 2. [↑](#footnote-ref-6)
6. *See* id. [↑](#footnote-ref-7)
7. Press Release, *supra* fn 1. [↑](#footnote-ref-8)
8. *See* “Deed Theft Hits Close to Home,” *available at*: [https://rozariolaw.com/deed-fraud-hits-close-to-home/](mailto:https://rozariolaw.com/deed-fraud-hits-close-to-home/) (*last accessed* October 4, 2020); *see also* Stephanie Saul, “Real Estate Companies Scheme to Defraud Owners Out of Their Homes,” N.Y. Times, Nov. 7, 2015, *available at*: [https://www.nytimes.com/2015/11/08/nyregion/real-estate-shell-companies-scheme-to-defraud-owners-out-of-their-homes.html](mailto:https://www.nytimes.com/2015/11/08/nyregion/real-estate-shell-companies-scheme-to-defraud-owners-out-of-their-homes.html). [↑](#footnote-ref-9)
9. *See e.g.* Saul, *supra* fn 8. [↑](#footnote-ref-10)
10. *See* Press Release, *supra* fn 1. [↑](#footnote-ref-11)
11. *See* “Deed Theft Hits Close to Home,” *supra* fn 8. [↑](#footnote-ref-12)
12. *See* id.; *see also* Amber Jamieson, “The Extraordinary ‘Theft’ of a Woman’s NYC Home,” N.Y. Post, Oct. 12, 2014; *available at*: <http://nypost.com/2014/10/12/woman-fights-to-take-back-house-stolen-in-deed-fraud-scam/> (*last accessed* October 4, 2020). [↑](#footnote-ref-13)
13. *See* Colin Moynihan, “7-Year Fight to Reclaim a House Stolen in the Wave of a Pen,” N.Y. Times, Jan. 16, 2011, *available at*: [https://www.nytimes.com/2011/01/17/nyregion/17house.html](mailto:https://www.nytimes.com/2011/01/17/nyregion/17house.html). [↑](#footnote-ref-14)
14. See Jamieson, *supra* fn 12. [↑](#footnote-ref-15)
15. *See* id. [↑](#footnote-ref-16)
16. *See* “Who Can You Trust?,” *supra* fn 1. [↑](#footnote-ref-17)
17. *See* id. [↑](#footnote-ref-18)
18. *See* “Homeowner Scams Overview,” *available at*:[https://www.homeownerhelpny.com/scams-explained](mailto:https://www.homeownerhelpny.com/scams-explained) (*last accessed* October 4, 2020). [↑](#footnote-ref-19)
19. *See “*Written Testimony submitted by the Office of Kings County District Attorney Eric Gonzalez to the Joint Legislative Hearing to Examine the Crisis Facing Homeowners in Brooklyn and throughout New York City,” March 15, 2019, *available at*: <https://www.nysenate.gov/sites/default/files/article/attachment/written_testimony_submitted_by_the_office_of_kings_county_district_attorney_eric_gonzalez.pdf>; s*ee also* “Homeowners: Beware of Foreclosure Rescue Scams,” *available at*: [https://www.legalservicesnyc.org/storage/PDFs/kyr%20foreclosure-%20loan%20mod%20scams.pdf](mailto:https://www.legalservicesnyc.org/storage/PDFs/kyr%20foreclosure-%20loan%20mod%20scams.pdf) (*last accessed* October 4, 2020). [↑](#footnote-ref-20)
20. *See* “Homeowners: Beware of Foreclosure Rescue Scams,” [https://www.legalservicesnyc.org/storage/PDFs/  
    kyr%20foreclosure-%20loan%20mod%20scams.pdf](https://www.legalservicesnyc.org/storage/PDFs/kyr%20foreclosure-%20loan%20mod%20scams.pdf) (*last accessed* October 4, 2020); Nicole Lester Arrindell and Jenny Eisenberg, “Advocating for Victims of Foreclosure Rescue Scams”, March 25, 2015, *available at*: [https://empirejustice.org/training\_post/advocating-victims-foreclosure-rescue-scams/](mailto:https://empirejustice.org/training_post/advocating-victims-foreclosure-rescue-scams/) (*last accessed* October 4, 2020). [↑](#footnote-ref-21)
21. *See* id. [↑](#footnote-ref-22)
22. *See* id. [↑](#footnote-ref-23)
23. *See* id. [↑](#footnote-ref-24)
24. *See* id. [↑](#footnote-ref-25)
25. *See* id. [↑](#footnote-ref-26)
26. *See* id. [↑](#footnote-ref-27)
27. *See* id. [↑](#footnote-ref-28)
28. *See* Saul, *supra* fn 8. [↑](#footnote-ref-29)
29. *See* NYS Department of State Division of Corporations, “Limited Liability Companies FAQs” <https://www.dos.ny.gov/corps/llcfaq.asp> (*last accessed* on October 4, 2020). [↑](#footnote-ref-30)
30. *See* Saul, *supra* fn 8. [↑](#footnote-ref-31)
31. *See* Kimiko de Freytas-Tamura, “Why Black Homeowners in Brooklyn Are Being Victimized by Fraud,” N.Y. Times, Oct. 21, 2019, *available at*: <https://www.nytimes.com/2019/10/21/nyregion/deed-theft-brooklyn.html>. [↑](#footnote-ref-32)
32. *See* “Who Can You Trust?,” *supra* fn 1. [↑](#footnote-ref-33)
33. *See* The Legal Aid Society, “What You Need to Know About Foreclosure ‘Rescue’ Scams,” <https://www.legalaidnyc.org/get-help/housing-problems/what-you-need-to-know-about-foreclosure-rescue-scams> (*last accessed* on October 5, 2020). [↑](#footnote-ref-34)
34. *See* New York State Department of State, “Foreclosure Rescue Scams & Home Equity Theft,” <https://www.dfs.ny.gov/consumers/scams_schemes_frauds/foreclosure_rescue_scams> (*last accessed* on October 5, 2020). [↑](#footnote-ref-35)
35. *See* id. [↑](#footnote-ref-36)
36. *See* Press ReleaseDepartment of Justice, U.S. Attorney’s Office Southern District of New York, “Father And Son Plead Guilty In Mortgage Fraud Scheme,” Apr. 11, 2018, <https://www.justice.gov/usao-sdny/pr/father-and-son-plead-guilty-mortgage-fraud-scheme> (*last accessed* on October 5, 2020). [↑](#footnote-ref-37)
37. *See* id. [↑](#footnote-ref-38)
38. *See* Mikey Light and Michael Gartland, “Bed-Stuy family cries foul over deal that could leave them homeless,” N.Y. Daily News, Jun. 24, 2019, *available at*:<https://www.nydailynews.com/new-york/brooklyn/ny-bed-stuy-family-house-sold-20190624-6r4upvsblnbtzoak4qg475xm64-story.html>. [↑](#footnote-ref-39)
39. Jennifer 8. Lee, “Subprime Crisis Festers in New York,” N.Y. Times, Feb. 11, 2018, *available at*:<https://cityroom.blogs.nytimes.com/2008/02/11/subprime-crisis-festers-in-new-york>. [↑](#footnote-ref-40)
40. CREATING NEW CRIMES RELATED TO MORTGAGE FRAUD—DISTRESSED PROPERTY CONSULTING CONTRACTS, 2008 Sess. Law News of N.Y. Ch. 472 (S. 8143–A) (McKINNEY'S). [↑](#footnote-ref-41)
41. *See* Real Property Law § 265-b, [↑](#footnote-ref-42)
42. Int. No. 1070-2009, Local Law 74 of 2009, *available at*: <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=465046&GUID=B979B00C-5E81-409B-841A-FD8F4B6137E5>. [↑](#footnote-ref-43)
43. Kirsten Keefe and Elizabeth Hasper, “New State Law Addresses Mortgage Foreclosure Crisis and Subprime Lending Abuses,” Legal Services Journal, Aug. 2008, *available at*: <https://www.nclc.org/images/pdf/foreclosure_mortgage/foreclosure_med_prog_by_state/ny_summary_08.pdf>. [↑](#footnote-ref-44)
44. Center for New York City Neighborhoods, “Who Can You Trust,” Dec. 2014, *available at*: <https://nymc.org/file_download/inline/4ac5d8a4-091f-4299-99e5-355f7cd6e7c0> [↑](#footnote-ref-45)
45. *See* id. [↑](#footnote-ref-46)
46. *See* Kimiko de Freytas-Tamura, *supra* fn 31. [↑](#footnote-ref-47)
47. *See* id. [↑](#footnote-ref-48)
48. *See* id. [↑](#footnote-ref-49)
49. *See* Foreclosure Rescue Scams & Home Equity Theft, *supra* note 34. [↑](#footnote-ref-50)
50. *See* id. [↑](#footnote-ref-51)
51. *See* id.. [↑](#footnote-ref-52)
52. Real Property Law 265-b(4). [↑](#footnote-ref-53)
53. Administrative Code § 20-723.3. [↑](#footnote-ref-54)
54. *See* A.6558, *available at*:<https://nyassembly.gov/leg/?default_fld=&bn=A06558&term=2019&Text=Y>. [↑](#footnote-ref-55)
55. *See* N.Y. State Real Property Law § 442-h(3)(a). [↑](#footnote-ref-56)
56. *See* Cease and Desist Zone Registration, *available at*:<https://www.dos.ny.gov/licensing/realestate/cdform.asp>. [↑](#footnote-ref-57)
57. *See* id. [↑](#footnote-ref-58)
58. *See* A.6786A/S.1245A, *available at*:[https://nyassembly.gov/leg/?default\_fld=&bn=A05201&term=2019&Text=Y](https://nyassembly.gov/leg/?default_fld=&leg_video=1&bn=A05201&term=2019&Text=Y). [↑](#footnote-ref-59)
59. *See* A.6775/S.1253*, available at*: https://nyassembly.gov/leg/?default\_fld=&bn=A06775&term=2019&Text=Y. [↑](#footnote-ref-60)
60. New York State Register, July 1, 2010, Vol. XLII, No. 26, *available at*:<https://www.dos.ny.gov/info/register/2020/070120.pdf> at 17. [↑](#footnote-ref-61)
61. More specifically, this covered the following area “Beginning at the Queens border of Brooklyn to the east and the intersection of Jamaica Avenue to the north; thence westerly along Jamaica Avenue to Pennsylvania Avenue; thence southerly along Pennsylvania Avenue to Sutter Avenue; thence westerly on Sutter Avenue to Van Sinderen Avenue to the west; thence southerly along Van Sinderen Avenue to Linden Boulevard to the south; thence easterly along Linden Boulevard to the Queens border; thence northerly along the border to the point of the beginning on Jamaica Avenue” [↑](#footnote-ref-62)
62. Jarrett Murphy, “Hearing Ahead for East New York ‘Cease-and-Desist’ Zone,” City Limits, Feb. 24, 2020, *available at*: <https://citylimits.org/2020/02/24/hearing-ahead-for-east-new-york-cease-and-desist-zone>. [↑](#footnote-ref-63)
63. *See* Nigel Roberts, “Deadline Looms For East New Yorkers to Have Their Say on ‘Cease-and-Desist’ Zone,” BK Reader, Aug. 26, 2020, *available at*: <https://www.bkreader.com/2020/08/26/deadline-looms-for-east-new-yorkers-to-have-their-say-on-cease-and-desist-zone>. [↑](#footnote-ref-64)
64. *See* N.Y. State Real Property Law § 4420-h. [↑](#footnote-ref-65)
65. *See* Freytas-Tamura, *supra* fn 31. [↑](#footnote-ref-66)
66. Section 1525 of the Charter requires the Mayor to appoint a City Register who will be within DOF. [↑](#footnote-ref-67)
67. Section 1526 of the Charter requires that the Office of the City Sheriff be within DOF subject to the supervision of the Commissioner of Finance. [↑](#footnote-ref-68)
68. In Staten Island, those functions are carried out by the County Clerk. [↑](#footnote-ref-69)
69. *See* DOF Checklist for Document Recording, *available at*: <http://www1.nyc.gov/assets/finance/downloads/pdf/land_records/doc_recording_checklist.pdf> (*last accessed* October 4, 2020); *see also*, DOF ACRIS Recording Fees, *available at*:

    <http://www1.nyc.gov/site/finance/taxes/property-uniform-commercial-code-ucc-financing-statement.page> (*last accessed* October 4, 2020). [↑](#footnote-ref-70)
70. *See* DOF Automated City Register Information System, <https://a836-acris.nyc.gov/CP/> (*last accessed* October 4, 2020). [↑](#footnote-ref-71)
71. *See* id. [↑](#footnote-ref-72)
72. *See* DOF Divisions Organization Chart, <http://www1.nyc.gov/site/finance/about/divisions.page> (*last accessed* October 4, 2020). The RPTT is paid on all sales, grants, assignments, transfers or surrenders of real property in New York City and for the sale or transfer of at least 50 percent of ownership in a corporation, partnership, trust, or other entity that owns/leases property and transfers of cooperative housing stock shares. It applies whenever the sale or grant is more than $25,000. The MRT is charged whenever a mortgage for property in New York City is recorded. See DOF Property Tax Highlights: Real Property and Property-Related Taxes, <http://www1.nyc.gov/site/finance/taxes/property.page> (*last accessed* October 4, 2020). [↑](#footnote-ref-73)
73. *See* N.Y. State Real Property Law Art. 9. [↑](#footnote-ref-74)
74. *See* N.Y. State Real Property Law § 291. [↑](#footnote-ref-75)
75. *Merscorp, Inc. v. Romaine*, 8 N.Y.3d 90, 98 (2006) [↑](#footnote-ref-76)
76. *See* Council of the City of New York, Testimony of City Register Annette Hill before the Committee on Finance, February 1, 2016, *available at:* <https://legistar.council.nyc.gov/View.ashx?M=F&ID=4251197&GUID=5038F017-AA0A-450C-B740-93F06D938C51>. [↑](#footnote-ref-77)
77. *See generally* N.Y. County Law, Chapter 11, Article 17. [↑](#footnote-ref-78)
78. See DOF: Sheriff, <http://www1.nyc.gov/site/finance/sheriff-courts/sheriff.page> (*last accessed* October 4, 2020). [↑](#footnote-ref-79)
79. *See* id. [↑](#footnote-ref-80)
80. *See* N.Y. Criminal Procedure Law §§ 2.10 and 2.20. [↑](#footnote-ref-81)
81. *See* DOF: Sheriff, *supra* note 65. [↑](#footnote-ref-82)
82. *See* id. [↑](#footnote-ref-83)
83. *See See* Testimony of City Register Annette Hill, *supra* fn 78. [↑](#footnote-ref-84)
84. Matthew Taub, “Talking Deed Fraud with the City Sheriff and Finance Commissioner,” Brooklyn Brief, Nov. 6, 2014, *available at* <http://brooklynbrief.com/talking-deed-fraud-city-sheriff-finance-commissioner/> (*last accessed* March 5, 2020). [↑](#footnote-ref-85)
85. *See* id. [↑](#footnote-ref-86)
86. *See* id. [↑](#footnote-ref-87)
87. *See* id. [↑](#footnote-ref-88)
88. *See* id. [↑](#footnote-ref-89)
89. *See* id. [↑](#footnote-ref-90)
90. *See* DOF Local Law 249-2017 reports, *supra* fn 4. [↑](#footnote-ref-91)
91. *See* DOF, “Notice of Recorded Document Program Description,” <http://www1.nyc.gov/assets/finance/downloads/pdf/recorded_documents/notice_of_rec_descrip.pdf> (*last accessed* October 4, 2020). [↑](#footnote-ref-92)
92. *See* id. [↑](#footnote-ref-93)
93. Council of the City of New York, Testimony of Joseph Fucito before the Committee on Finance (Oct. 18, 2017), available at <http://legistar.council.nyc.gov/View.ashx?M=F&ID=5532236&GUID=B4E99F3C-CE77-435E-B2C4-7E3750B2E57D> [↑](#footnote-ref-94)
94. Local Law 249 of 2017. [↑](#footnote-ref-95)
95. id. [↑](#footnote-ref-96)
96. # *See* Stephanie Saul, “New Disclosure Rules for Shell Companies in New York Luxury Real Estate Sales,” N.Y. Times, July 20, 2015, *available at*: <http://www.nytimes.com/2015/07/21/nyregion/new-disclosure-rules-for-shell-companies-in-new-york-luxury-real-estate-sales.html> (*last accessed* October 6, 2020).

    [↑](#footnote-ref-97)
97. *See* Section 2, Chapter 297 of the Laws of New York of 2019. [↑](#footnote-ref-98)
98. *See* id. [↑](#footnote-ref-99)
99. *See* id. [↑](#footnote-ref-100)
100. New York City Council, Committee on Finance, “Oversight – The City’s Efforts to Combat Real Property Deed Fraud,” February 1, 2016, *available at:* [https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=2552366&GUID=6DA37D1F-68C9-4E62-8480-12C687EB43C1](mailto:https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=2552366&GUID=6DA37D1F-68C9-4E62-8480-12C687EB43C1) [↑](#footnote-ref-101)
101. Grand Jury Deed Fraud Report, *supra* fn 2. [↑](#footnote-ref-102)
102. *See* id. [↑](#footnote-ref-103)
103. *See* A.5201, *available at* [https://nyassembly.gov/leg/?default\_fld=&bn=A05201&term=2019&Text=Y](https://nyassembly.gov/leg/?default_fld=&leg_video=1&bn=A05201&term=2019&Text=Y). [↑](#footnote-ref-104)
104. *See* “A Legislative Report on the Hearing Regarding The Crisis Facing Homeowners in Brooklyn and throughout New York City,” Aug. 28, 2019, *available at* <https://www.nysenate.gov/sites/default/files/article/attachment/a_legislative_report_on_the_hearing_regarding_the_crisis_facing_homeowners_in_brooklyn_and_throughout_new_york_city.pdf> (*last accessed* October 4, 2020). [↑](#footnote-ref-105)
105. Testimony, Joint Hearing to Examine the Crisis Facing Homeowners in Brooklyn, March 15, 2019, *available at*: <https://www.nysenate.gov/newsroom/articles/2019/velmanette-montgomery/joint-legislative-hearing-crisis-facing-homeowners> (*last accessed* October 4, 2020). [↑](#footnote-ref-106)
106. Chapter 167 of the Laws of 2018. [↑](#footnote-ref-107)
107. *See* Press Release, *supra* fn 1. [↑](#footnote-ref-108)