



**NYS Senate Standing Committee on  
Housing, Construction, and Community  
Development**

**Testimony of Colette McCain-Jacques,  
The Deputy City Register,  
New York City Department of Finance**

**October 27, 2022**

Good afternoon, Chair Kavanagh and members of the NYS Senate Standing Committee on Housing, Construction, and Community Development. My name is Colette McCain-Jacques, and I am the Deputy City Register for the NYC Department of Finance. I am joined today by Under Sheriff Julio Lopez and Veronica Robles, the Associate Fraud Investigator at the NYC Sheriff's Office.

My testimony today will quickly review the history of the Department of Finance's and the Sheriff's Office deed fraud investigations and describe our current efforts in this area. I will also discuss our public outreach efforts, as well as potential legislative fixes that would strengthen deed crime laws.

Since 2014, the Department of Finance's City Register and the Sheriff's Office have taken many proactive steps to reduce deed fraud and investigate crimes related to deed fraud. Our investigations in the past eight years have resulted in the arrest of 57 suspects tied to fraudulent property transactions. The total value of these properties was in excess of \$52,320,000. In addition, the Sheriff's Office provided testimony and evidence for the New York County Grand Jury Report concerning deed fraud in New York City, issued in December 2018.

State law requires the City Register to perform the ministerial act of recording a deed as long as it is in recordable form, meaning that it is (i) certified by a public notary; (ii) it has a seller's signature and a buyer's signature under certain circumstances; and (iii) it includes all other required legal documents. The City Register does not have discretion with respect to recording such deeds that meet the requirements of state law.

We have trained City Register staff to better detect documents that may be forged or fraudulent and put in place several safeguards, including the involvement of the Sheriff's Office in the review process.

After an internal review of our recording process, we discovered that quitclaim deeds are the type most often used by perpetrators of deed fraud. The staff now pays particular attention to these submissions. When there is a discrepancy identified that appears to indicate possible fraud, it is referred to the Sheriff's Office for review.

Examples of other types of recordings that would trigger an additional review are those with a sale price far below market value, multiple transfers between LLCs in a short period of time, and transfers by people or entities suspected of committing or known to have committed deed fraud in the past. These safeguards have been in effect since July 2014, when we increased our focus on deed fraud. In addition, as part of the review process, City Register staff verify the notary information on the New York State Attorney General's Office website, and discrepancies are sent to the Sheriff's Office for closer review.

We also automatically inform property owners by mail when a deed is filed against their property. The quicker someone catches fraudulent activity, the quicker the problem can be addressed.

In addition to our efforts in my office, as well as the Sheriff's Office, the Department of Finance's Outreach Unit has been informing event attendees about deed fraud and how to prevent it since early 2016. Their work has reached over 100,000 taxpayers at over 1,500 events.

During the outreach sessions, we give presentations which include a section on deed fraud and what people can do to protect their properties. The Outreach Unit has distributed tens of thousands of our deed fraud guide, which is available at [www.nyc.gov/finance](http://www.nyc.gov/finance) in 10 languages.

The Outreach Unit attends deed fraud educational forums hosted by elected officials and community leaders. One example that we consider the ideal model was a town hall promoted as "Don't Lose your Home to Scammers" hosted by former Council Member Cornegy, the Outreach Unit, and the Sheriff's Office. This event was co-sponsored by the Brooklyn Bar Association, the Center for New York City Neighborhoods, and Brooklyn Neighborhood Services.

Over the past few years, the Outreach Unit also has conducted hundreds of train-the-trainer sessions, at which they educate elected officials and community-based organizations on the topic of deed fraud. This is an ongoing effort, and we encourage members interested to contact us to schedule a session.

The Department of Finance, in consultation with the New York County District Attorney's Office, has met and discussed how to strengthen penalties to prevent future deed fraud activities.

Below are some proposals:

- Increase the penalty for the forging of a deed, mortgage, or similar instrument and dedicate the crime of *filing a false instrument in the first degree* to the filing of a false real property instrument, or the attempted filing of such an instrument.
- Increase the penalty for the filing or attempted filing of false instruments related to real property.
- Create a new group of crimes involving fraudulent notarization, because the deed fraud problem is inevitably enhanced by the lax or fraudulent actions of duly commissioned notaries public and commissioners of deeds.
- Amend the executive law to either: (1) impose a journal and/or similar recordkeeping requirements on notaries public and commissioners of deeds with respect to the notarization of a real property instrument, or (2) authorize the City, and any county outside of New York City, to, by local law, impose these requirements.

I want to thank the committee for allowing me to speak today and I hope that our testimony has given you a useful overview of where we stand regarding deed fraud. I will take any questions you may have at this point.