

MORTGAGE AND FINANCIAL FRAUD INVESTIGATIONS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Benjamin M. McAdams

House Sponsor: Paul Ray

LONG TITLE

General Description:

This bill creates the Mortgage and Financial Fraud Unit within the Office of the Attorney General to investigate and prosecute mortgage fraud and other financial fraud within the state.

Highlighted Provisions:

This bill:

- ▶ modifies the duties of the attorney general;
- ▶ creates the Mortgage and Financial Fraud Unit within the Office of the Attorney General to investigate and prosecute mortgage and other financial fraud throughout the state;
- ▶ authorizes the attorney general to administer the Mortgage and Financial Fraud Unit;
- ▶ creates the Mortgage and Financial Fraud Investigation and Prosecution Restricted Account; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the Attorney General's Office, as a one-time appropriation:
 - from the Mortgage and Financial Fraud Investigation and Prosecution Restricted Account, \$2,000,000, subject to intent language that the appropriation is



28 non-lapsing and shall be used to fund investigation and prosecution of mortgage and financial
29 fraud throughout the state.

30 **Other Special Clauses:**

31 This bill takes effect on July 1, 2012.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **67-5-1.5**, as enacted by Laws of Utah 2008, Chapter 116

35 ENACTS:

36 **67-5-30**, Utah Code Annotated 1953

37 **67-5-31**, Utah Code Annotated 1953



39 *Be it enacted by the Legislature of the state of Utah:*

40 Section 1. Section **67-5-1.5** is amended to read:

41 **67-5-1.5. Special duties -- Employment of staff.**

42 (1) The attorney general may undertake special duties and projects as follows:

43 (a) employment of child protection services investigators under Section 67-5-16;

44 (b) employment of an Obscenity and Pornography Complaints Ombudsman under
45 Section 67-5-18;

46 (c) administration of the Internet Crimes Against Children Task Force under Section
47 67-5-20;

48 (d) administration of the Internet Crimes Against Children (ICAC) Unit under Section
49 67-5-21;

50 (e) administration of the Identity Theft Reporting Information System (IRIS) Program
51 under Section 67-5-22;

52 (f) administration of the Attorney General Crime and Violence Prevention Fund under
53 Section 67-5-24; [and]

54 (g) administration of the Safety Net Initiative as provided under Section 67-5-26[-];
55 and

56 (h) administration of the Mortgage and Financial Fraud Unit under Section 67-5-30.

57 (2) As permitted by the provisions of this chapter, the attorney general may employ or
58 contract with investigators, prosecutors, and necessary support staff to fulfill the special duties

59 undertaken under this section.

60 Section 2. Section **67-5-30** is enacted to read:

61 **67-5-30. Mortgage and Financial Fraud Unit creation -- Duties -- Employment of**
62 **staff.**

63 (1) The attorney general may assist in efforts to prevent, investigate, and prosecute
64 mortgage fraud, as described in Section 76-6-1203, and other financial fraud, including
65 working with other agencies of state and local government.

66 (2) There is created within the Office of the Attorney General the Mortgage and
67 Financial Fraud Unit to investigate and prosecute cases of mortgage fraud and other financial
68 fraud.

69 (3) The Mortgage and Financial Fraud Unit shall focus its efforts on detecting,
70 investigating, deterring, and prosecuting mortgage fraud and other major financial fraud
71 crimes.

72 (4) The attorney general may employ investigators, prosecutors, and necessary support
73 staff for the unit created under Subsection (2).

74 Section 3. Section **67-5-31** is enacted to read:

75 **67-5-31. Mortgage and Financial Fraud Investigation and Prosecution Restricted**
76 **Account.**

77 (1) There is created a restricted account within the General Fund known as the
78 "Mortgage and Financial Fraud Investigation and Prosecution Restricted Account."

79 (2) The restricted account includes:

80 (a) \$2,000,000 of deposits from the foreclosure fraud settlement agreement between
81 the United States Justice Department, United States Department of Housing and Urban
82 Development, and a bipartisan group of state attorneys general, including Utah's attorney
83 general, Bank of America, Citi, JP Morgan Chase, GMAC, and Wells Fargo announced in
84 February 2012; and

85 (b) any other amount appropriated by the Legislature.

86 (3) Money from the restricted account shall be used by the attorney general to:

87 (a) investigate and prosecute mortgage and financial fraud throughout the state; and

88 (b) fund mortgage and financial fraud investigation and prosecution staff.

89 Section 4. **Appropriation.**

90 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
91 following sums of money are appropriated from resources not otherwise appropriated, or
92 reduced from amounts previously appropriated, out of the funds or accounts indicated for the
93 fiscal year beginning July 1, 2012 and ending June 30, 2013. These are additions to any
94 amounts previously appropriated for fiscal year 2013.

95 To Mortgage and Financial Fraud Investigation and Prosecution Restricted Account
96 From General Fund, one-time \$2,000,000

97 Schedule of programs:
98 Mortgage and Financial Fraud Investigation
99 and Prosecution Restricted Account \$2,000,000

100 To Attorney General, Criminal Division
101 From General Fund - Mortgage and Financial Fraud Investigation
102 and Prosecution Restricted Account, one-time \$2,000,000

103 Schedule of programs:
104 Mortgage and Financial Fraud Investigation
105 and Prosecution Restricted Account \$2,000,000

106 The Legislature intends that, under Section 63J-1-603, the appropriations under this
107 section shall not lapse and shall be used by the attorney general to investigate and prosecute
108 mortgage and financial fraud throughout the state.

109 **Section 5. Effective date.**

110 This bill takes effect on July 1, 2012.

Legislative Review Note
as of 2-24-12 2:07 PM

Office of Legislative Research and General Counsel