

EXHIBIT “G”
U.S Probes Foreclosure Data Provider

AMICUS BRIEF OF MARIE MCDONNELL

U.S. Bank v. Ibanez and Wells Fargo Bank v. LaRae

THE WALL STREET JOURNAL

APRIL 3, 2010

U.S. Probes Foreclosure-Data Provider Lender Processing Services Unit Draws Inquiry Over the Steps That Led to Faulty Bank Paperwork

By [AMIR EFRATI](#) and [CARRICK MOLLENKAMP](#)

A subsidiary of a company that is a top provider of the documentation used by banks in the foreclosure process is under investigation by federal prosecutors.

The prosecutors are "reviewing the business processes" of the subsidiary of Lender Processing Services Inc., based in Jacksonville, Fla., according to the company's annual securities filing released in February. People familiar with the matter say the probe is criminal in nature.

Michelle Kersch, an LPS spokeswoman, said the subsidiary being investigated is Docx LLC. Docx processes and sometimes produces documents needed by banks to prove they own the mortgages. LPS's annual report said that the processes under review have been "terminated," and that the company has expressed its willingness to cooperate. Ms. Kersch declined to comment further on the probe.

A spokesman for the U.S. attorney's office for the middle district of Florida, which the annual report says is handling the matter, declined to comment.

The case follows on the dismissal of numerous foreclosure cases in which judges across the U.S. have found that the materials banks had submitted to support their claims were wrong. Faulty bank paperwork has been an issue in foreclosure proceedings since the housing crisis took hold a few years ago. It is often difficult to pin down who the real owner of a mortgage is, thanks to the complexity of the mortgage market.

During the housing boom, mortgages were originated by lenders, quickly sold to Wall Street firms that bundled them into debt pools and then sold to investors as securities. The loans were supposed to change hands but the documents and contracts between borrowers and lenders often weren't altered to show changes in ownership, judges have ruled.

Related Documents

- [U.S. trustee's statement in support of sanctions against Chase](#)
- [Scott Walter's Mortgage Assignment Signed by LPS Employee](#)

Documents processed by LPS that said an entity called "Bogus Assignee" owned the mortgage:

- [Palm Beach Assignment of Mortgage](#)
- [Broward County Assignment of Mortgage](#)
- [Wayne County Assignment of Mortgage](#)

That has made it hard for banks, which act on behalf of mortgage-securities investors in most foreclosure cases, to prove they own the loans in some instances.

LPS has said its software is used by banks to track the majority of U.S. residential mortgages from the time they are originated until the debt is satisfied or a borrower defaults. When a borrower defaults and a bank needs to foreclose, LPS helps process paperwork the bank uses in court.

LPS was recently referenced in a bankruptcy case involving Sylvia Nuer, a Bronx, N.Y., homeowner who had filed for protection from creditors in 2008.

Diana Adams, a U.S. government lawyer who monitors bankruptcy courts, argued in a brief filed earlier this year in the Nuer case that an LPS employee signed a document that wrongly said J.P. Morgan Chase & Co. had owned Ms. Nuer's loan.

Documents related to the loan were "patently false or misleading," according to Ms. Adams's court papers. J.P. Morgan Chase, which has withdrawn its request to foreclose, declined to comment.

Linda Tirelli, a lawyer for Ms. Nuer, declined to comment directly on the case.

Ms. Kersch said LPS didn't actually create the document and that the company's "sole connection to this case is that our technology and services were utilized by J.P. Morgan Chase and its counsel."

While the majority of foreclosures go unchallenged, some homeowners have won the right to keep their homes by proving the bank couldn't show, on paper, that it owned the mortgage.

Some lawyers representing homeowners have claimed that banks routinely file erroneous paperwork showing they have a right to foreclose when they don't.

Firms that process the paperwork are either "producing so many documents per day that nobody is reviewing anything, even to make sure they have the names right, or you've got some massive software problem," said O. Max Gardner, a consumer-bankruptcy attorney in Shelby N.C., who has defended clients against foreclosure actions.

The wave of foreclosures and housing crisis appears to have helped LPS. According to the annual securities filing, foreclosure-related revenue was \$1.1 billion last year compared with \$473 million in 2007.

LPS has acknowledged problems in its paperwork. In its annual securities filing, in which it disclosed the federal probe, the company said it had found "an error" in how Docx handled notarization of some documents. Docx also has processed documents used in courts that incorrectly claimed an entity called "Bogus Assignee" was the owner of the loan, according to documents reviewed by The Wall Street Journal.

Ms. Kersch said the "bogus" phrase was used as a placeholder. "Unfortunately, on a few occasions, the document was inadvertently recorded before the field was updated," she said.

Write to Amir Efrati at amir.efrati@wsj.com and Carrick Mollenkamp at carrick.mollenkamp@wsj.com

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit

www.djreprints.com

Office of the
ATTORNEY GENERAL of FLORIDA
Bill McCollum



Enter search

- [HOME](#)
- [AG Bill McCollum](#)
- [Office Information](#)
- [Programs and Units](#)
- [Employment](#)
- [Open Government](#)
- [Crime and Fraud](#)
- [Consumer Protection](#)
- [Citizen Safety](#)
- [Victims' Services](#)
- [AG Opinions](#)

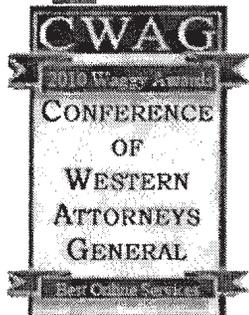
Keep up with our latest news and consumer information:

Enter email address

-  [Newsletter](#)
-  [RSS feed](#)
-  [Audio Msg](#)
-  [Twitter](#)

Fraud Hotline
 1-866-966-7226

 [Contact Us](#)



Active Public Consumer-Related Investigation

The case file cited below relates to a civil -- not a criminal -- investigation. The existence of an investigation does not constitute proof of any violation of law.

Case Number: L10-3-1094

Subject of investigation: Fidelity National Financial, Inc. and FNF Capital Leasing, Inc. a/k/a Lender Processing Services, Inc., and a/k/a and d/b/a Docx, LLC., a foreign corporation

Subject's address: 601 Riverside Avenue Jacksonville Florida 32204

Subject's business: foreclosure related

Allegation or issue being investigated:
 Subject corporation seems to be creating and manufacturing "bogus assignments" of mortgage in order that foreclosures may go through more quickly and efficiently. These documents appear to be forged, incorrectly and illegally executed, false and misleading. These documents are used in court cases as "real" documents of assignment and presented to the court as so, when it actually appears that they are fabricated in order to meet the demands of the institution that does not, in fact, have the necessary documentation to foreclose according to law.

AG unit handling case: Economic Crimes Division in Ft. Lauderdale, Florida

[View contact information for Ft. Lauderdale.](#)