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It's difficult to detect bogus ID



Once upon a time, real estate lawyers could assume with confidence that the clients sitting in their office were actually who they said they were.

All that changed in 1996 when an Ontario court ruled that a lawyer was negligent for failing to verify the identity of a woman in his office pretending to be Saeko Yamada, before she signed a mortgage. The real Mrs. Yamada knew nothing of the forgery.

The unlucky lawyer who failed to check the identity of the borrower got hit with damages of \$145,000 to pay off the forged mortgage.

That case sent shock waves through the real estate law community. Lawyers were forced to ask all clients for proof of identity.

A similar shock wave hit several hundred lawyers attending a real estate law summit in April when a fraud detective told them that every type of ID can be forged.

The speaker with the scariest presentation at the event, sponsored by the Law Society of Upper Canada, was detective Ben Hengeveld of the major fraud bureau at York Region Police.

Forged ID, he explained, is based on a genuine document with altered details. Counterfeit ID is completely bogus.

Social insurance cards are easy to counterfeit and cheap to purchase, said Hengeveld. As a result, it is dangerous for lawyers to rely on them for identification purposes. The same applies to the old-style Canadian citizenship cards which have few security features.

Even Canadian passports despite all their security features are vulnerable to alteration.

Ontario driver's licences are difficult to counterfeit, but easier to forge. Hengeveld pointed out numerous security features on provincial licences which separate the good from the bad cards.

Another problem for lawyers and other real estate industry stakeholders is the proliferation of ID factories which produce anything from counterfeit Ph.D. diplomas to passable driver's licences from every U.S. state and Canadian province.

In order to test the quality of one of these factories, Benjy, my faithful Lhasa Apso companion and office assistant, recently ordered a "novelty" (translation: counterfeit) Ontario driver's licence for himself. The realistic result shows his name, address, photograph, height (25 cm), sex, and birthdate in September, 2000 along with a passable licence number.

The point of Benjy's little prank is that if he can parade around with a realistic but counterfeit licence, so can many Ontario crooks whose intentions are less honourable. Relying on a driver's licence for proof of identity these days can be a risky proposition.

According to a Law Society report on mortgage fraud published in April, with just one piece of phoney ID, a fraudster can engineer a title transfer to a home without the knowledge of the owners. The new "owner" then arranges a mortgage for half the real value of "his" property, and walks away with a few hundred thousand dollars in proceeds from the counterfeit mortgage.

Losses to the provincial Land Titles Assurance Fund (paid for with taxpayer dollars) and Ontario title insurance companies have run into the millions of dollars in recent years.

Statistics published by Phonebusters, an anti-fraud call centre operated by the RCMP, the Ontario Provincial Police, and the Competition Bureau, show that in 2003, 5,772 people in Ontario alone reported being victims of identity theft, to the tune of \$12.6 million.

Homeowners who have been targets of identity theft and title fraud eventually get their titles restored, but are often forced to spend tens of thousands of dollars in legal fees to do so. While it is impossible to avoid being the victim of title fraud, wise homeowners purchase title insurance to cover the costs of having their titles restored.

TitlePLUS, Stewart Title and FCT Insurance all offer policies to protect existing property owners who did not purchase title insurance when they bought their homes.

Thanks to the education efforts of experts like Det. Hengeveld, industry stakeholders are increasingly vigilant to the quality and security protections in commonly used ID cards.

And one quick reminder: Obtaining or using phoney identity documents like Benjy's driver's licence for a criminal purpose is an invitation to a lengthy stay in a government pound.

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