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THE MAINE SENATE
132nd Legislature

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Augusta, Maine 04333

Testimony of Senator Henry Ingwersen in introducing *LD 353, "Resolve, to Establish the Commission to Recommend Methods for Preventing Deed Fraud in the State"*
Before the Joint Standing Committee on Agriculture, Conservation and Forestry
February 12, 2025

Senator Carney, Representative Kuhn, and Esteemed members of the Judiciary Committee, my name is Senator Henry Ingwersen and I'm before you today to introduce LD 353, "Resolve, to Establish the Commission to Recommend Methods for Preventing Deed Fraud in the State".

One of the fastest-growing real-estate cyber fraud schemes in 2023 was seller impersonation fraud, or what I am calling deed fraud in this bill. Here's how it works:

Scammers search public databases for vacant land or house lots, usually without any encumbrances such as a mortgage. Maine is ripe for this kind of fraud because of the amount of vacant land with out-of-state owners. The fraudsters, impersonating the actual owners, will contact, usually through a service or online, an unsuspecting real estate agent and list the property. Once a legitimate buyer is found, the entire transaction takes place remotely. The impersonating sellers provide fake deeds, forged signatures, and fake identification, all made so much more difficult to detect with the advent of modern technology and artificial intelligence.

The broker will do some research and may even ask for a driver's license to verify the person listing the property is the same individual listed in municipal records as the owner. The broker is sometimes presented with the same urgency as lottery scam victims – in two cases in York County, the fraudster told the broker that he lived out of state and was recently diagnosed with cancer, prompting a quick sale to pay for medical bills.

The transfer takes place without any in-person meeting required. The legitimate buyer pays the fake seller, and the deed is recorded at the county registrar's office. The job of the registrar is to record deeds, not verify them. A fraud alert service does exist, but the owner has to sign up for it and is only notified after the newly transferred deed is recorded. By then it's too late. In many cases the only time the real owner has realized that their land has been sold is when they don't receive their tax bill from the municipality.

Once a property is sold fraudulently, one would think everything can be undone easily. It cannot, especially once the deed has been recorded with the County. County registrars are not authorized to remove recorded deeds or alter any official record. So it is up to the real landowner to go to court to make this right. This is costly, and can take a very, very long time.

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Many real estate organizations are getting more educated on this scam, but unfortunately deed fraud is still happening. In my home county of York, there have been 11 instances that we know about prior to 2024. This is a difficult issue to get good data on, since realtors are not required to flag suspicious deed transaction attempts and successful frauds are often not discovered until the actual owner does not receive a tax bill. The FBI, in their Internet Crimes Compliance Center (IC3) Annual Report, lists 43 real estate fraud victims in Maine in 2023. I will note that this number is not broken down by specific real estate fraud mechanisms. The 2024 IC3 report is not out yet, but the Boston office of the FBI has stated that "unfortunately, these scams continue". And, I will add, these scams are getting more sophisticated and difficult to detect.

This resolve, if passed, will gather interested parties to dig in together and come up with any findings and recommendations that would help prevent deed fraud in Maine, including recommendations for enhanced public awareness of deed fraud and any suggested legislation for enhancing identity verification requirements for real estate transactions and for improving civil and criminal remedies available in Maine.

Thank you for your time in considering this legislation.