

It took 90 minutes for Daily News to 'steal' the Empire State Building

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In one of the biggest heists in American history, the Daily News "stole" the \$2 billion Empire State Building.

And it wasn't that hard.

The News swiped the 102-story Art Deco skyscraper by drawing up a batch of bogus documents, making a fake notary stamp and filing paperwork with the city to transfer the deed to the property.

Some of the information was laughable: Original "King Kong" star Fay Wray is listed as a witness and the notary shared a name with bank robber Willie Sutton.

The massive ripoff illustrates a gaping loophole in the city's system for recording deeds, mortgages and other transactions.

The loophole: The system - run by the office of the city register - doesn't require clerks to verify the information.

Less than 90 minutes after the bogus documents were submitted on Monday, the agency rubber-stamped the transfer from Empire State Land Associates to Nelots Properties LLC. Nelots is "stolen" spelled backward. (The News returned the property Tuesday.)

"Crooks go where the money is. That's why Willie Sutton robbed banks, and this is the new bank robbery," said Brooklyn Assistant District Attorney Richard Farrell, who is prosecuting several deed fraud cases.

Of course, stealing the Empire State Building wouldn't go unnoticed for long, but it shows how easy it is for con artists to swipe more modest buildings right out from under their owners. Armed with a fraudulent deed, they can take out big mortgages and disappear, leaving a mess for property owners, banks and bureaucrats.

"Once you have the deed, it's easy to obtain a mortgage," Farrell said.

Many crooks have done just that:

- Asia Smith stole her 88-year-old grandmother's house in Springfield Gardens, Queens, pocketing \$445,000 in mortgages she took out.

"Her grandmother raised her," said Queens Assistant District Attorney Kristen Kane. Smith, 22, was arrested last December and is serving a one-year jail term for fraud.

- A man posing as someone who had been dead for 19 years deeded the dead man's property to himself. He then sold it to the scheme's mastermind, who took out a \$533,000 mortgage and vanished with the cash.

- Toma Dushevic managed to steal seven dilapidated city-owned buildings in Brooklyn 10 years ago.

He got renovation permits, fixed up one of the buildings, and rented out apartments. He sold another building for \$250,000 and ran his scam for nearly two years until he was caught. Dushevic returned the buildings and did 18 months behind bars.

The FBI says financial institutions filed 31% more Suspicious Activity Reports involving mortgage fraud last year than in 2006. Nationwide, lenders' losses totaled \$813 million, and New York was one of the top 10 mortgage fraud states.

In the city, deeds accepted by the register's office are recorded on that agency's Web site, where they are easily viewed and are the basis for mortgage transactions.

The News investigation disclosed that mortgage brokers, representatives of title companies, lending banks, lawyers and others in the mortgage process often failed to verify identification and other information provided by the thieves.

Unlike the city employees, the brokers and others should check mortgagors' information, their professional trade associations say.

In one Queens deed fraud case, a mortgage broker and title company representative are accused of taking part in the scam. They are charged with helping obtain \$1.4 million in mortgages from two of the biggest banks in the city on behalf of the scammer, who has vanished.

In all cases The News reviewed, the city register's office accepted and recorded the fraudulent mortgages.

Unlike the thieves, The News did not obtain a mortgage on the Empire State Building.

Instead, The News returned the property to its rightful owners Tuesday - less than 24 hours after the fake deed was filed. The News also is withholding key details of how the scam works.

Real thieves get the mortgage cash, ripping off banks and leaving the properties' owners with mortgage debt and ruined credit.

"Mortgages stay with properties," Farrell explained.

When the victims don't pay the mortgages they didn't take out, lending banks foreclose on the properties.

A major tool thieves use is the notary stamp on documents, one item city employees check.

"They don't check to see if it's real, but they do check to see if it's there," said a lawyer familiar with the system. The stamps are easy to get and cost about \$30.

National mortgage broker and title company trade associations said their members try to verify identification but can be fooled by clever hustlers.

"We know you can forge driver's licenses," said Marc Savitt, president of the National Association of Mortgage Brokers.

"Every time the industry finds out measures to stop fraud, the thieves always get one up on us."

Anne Anastasi, a member of the board of governors of the American Land Title Association, said, "There are people who are very good at this and it's hard to stop."

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