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## It may be too early to draw a line under banks' fake signature scandal

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Linda Green was once a very busy person. She signed hundreds of thousands of court documents used by banks to foreclose on customers' mortgages in America, turfing them out of their homes as the sub-prime crisis broke.

Except that Linda Green, supposedly a vice-president at 20 different banks at the same time, did not sign the documents. Her name was forged by the employees of what one described as a "sweatshop" in Georgia called DocX on the orders of its boss, Lorraine Brown.

In 2013, Brown was sentenced to five years in prison for fraud. She said that she had hidden the actions from the banks, which were pushing eviction cases by the lorry-load through the courts as they rushed to contain the damage of their sub-prime lending binge. The problem arose because banks had parcelled up the loans into securities, which they then sold on to investors. It was done in such volumes, and with the assets passing from banks to intermediaries, that the paperwork frequently was not done properly. When the crisis hit, banks needed to quickly establish their legal claim on the mortgages, requiring the likes of DocX, a mortgage servicing company, to sort the matter quickly.

America's banks have maintained that they did not know anything about DocX's activities. However, an investigation by all 50 state attorneys-general resulted in penalty payments in 2012 by five banks of \$25 billion and a review of four million court cases against customers. The US Department of Justice described the payments by banks as "the largest consumer protection settlement in United States history".

Then the episode was written into the financial crisis history books — although now it turns out that it may not be the end of the story. In Britain, a campaigner believes that he has uncovered wide-scale evidence of British banks faking signatures on court documents and other paperwork. Julian Watts created a group, The Bank Signature Forgery Campaign, and has asked the public to send in possible examples. His efforts have gained traction with the Treasury select committee, which in July asked Lynne Owens, director-general of the National Crime Agency, to investigate.

Mr Watts says he has found documents showing 31 names used multiple times by different banks. They relate to evictions and legal terms for business loans and mortgages, from the 1990s to now. It is almost impossible for individuals to know if a signature is false, but if hundreds or thousands of documents are gathered together and a pattern emerges, lenders would have questions to answer.



The matter is being looked at by the Financial Conduct Authority and the Serious Fraud Office and has been taken up Kevin Hollinrake, co-chairman of the all-party parliamentary group for fair business banking, and Anthony Stansfeld, Thames Valley police and crime commissioner, whose force investigated the massive fraud at the Reading branch of HBOS.

Banks have denied that signatures were forged. It may be that the evidence is not there, or that a few rogue individuals penned the names. Or banks may have used robo signing services to expedite paperwork that is legal.

This scandal is not unique to the United States. The Australian royal commission that investigated misconduct at its big banks found multiple examples. In Britain, some bad practice could be historical, but if Mr Watts' cases hold up and some are recent, it would be hugely problematic for executives covered by the Senior Managers Regime who are expected to take responsibility for the actions of junior staff. It also would be another blow to public trust in banks. They claim that they have cleaned up their acts. It may turn out that their promises are as fake as some of their signatures.

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