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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO CRIMINAL OFFENSES -- FRAUD AND FALSE DEALING

Introduced By: Senator Juan M. Pichardo

Date Introduced: March 03, 2015

Referred To: Senate Judiciary

(Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 11-18 of the General Laws entitled "Fraud and False Dealing" is  
2 hereby amended by adding thereto the following section:

3 **11-18-34. Residential mortgage fraud. -- (a) For purposes of this section, the following**  
4 **definitions shall apply:**

5 (1) "Mortgage lending process" means the process through which a person seeks or  
6 obtains a residential mortgage loan including, but not limited to, solicitation, application, or  
7 origination, negotiation of terms, real estate appraisals, third-party provider services,  
8 underwriting, signing and closing, and funding of the loan. Documents involved in the mortgage  
9 lending process include, but are not limited to, uniform residential loan applications or other loan  
10 applications; appraisal reports; HUD-1 settlement statements; verifications or certifications  
11 regarding occupancy intentions; supporting personal documentation for loan applications such as  
12 W-2 forms, verifications of income and employment, bank statements, tax returns, and payroll  
13 stubs; and any required disclosures.

14 (2) "Pattern of residential mortgage fraud" means one or more violations of this section  
15 that involve two (2) or more residential mortgage loans and that have the same or similar intents,  
16 results accomplices, or methods of commission or otherwise result from comparable actions or  
17 omissions.

18 (3) "Person" means an individual, corporation, company, limited liability company,  
19 partnership, trustee, association, or any other entity.

1 (4) "Residential mortgage loan" means a loan or agreement to extend credit made to a  
2 person, which loan is secured by a deed to secure debt, security deed, mortgage, security interest,  
3 deed of trust, or other document representing a security interest or lien upon any interest in a one  
4 to four (4) family residential property, including the renewal or refinancing of any such loan.

5 (5) "Victim" means a person who experienced personal loss, including, but not limited to  
6 monetary loss, due to a violation of subsection (b) of this section.

7 (b) A person commits residential mortgage fraud when, with the intent to defraud, such  
8 person:

9 (1) Knowingly makes an omission of a material fact or a written misrepresentation or  
10 misstatement of a material fact during the mortgage lending process with the intention that a  
11 mortgage lender, a borrower, or any other person that is involved in the mortgage lending process  
12 will rely on the absence of such material fact or such material misrepresentation or misstatement;

13 (2) Knowingly uses or facilitates the use or attempts to use or facilitate the use of any  
14 omission of a material fact or written misrepresentation or misstatement of a material fact during  
15 the mortgage lending process with the intention that a mortgage lender, a borrower or any other  
16 person that is involved in the mortgage lending process will rely on;

17 (3) Receives or attempts to receive proceeds or any other funds in connection with a  
18 residential mortgage lending transaction that the person knew or should have known resulted  
19 from an act or acts constituting a violation of subsection (b)(1) or (b)(2) of this section;

20 (4) Conspires with or solicits another to engage in an act or acts constituting a violation  
21 of subsection (b)(1) or (b)(2) of this section; or

22 (5) Files or causes to be filed with a city or town clerk any document involved in the  
23 mortgage lending process that the person knows to contain an omission of a material fact or a  
24 written misrepresentation or misstatement of a material fact.

25 (c) Any person who violates this section, upon conviction, shall be subject to the  
26 following penalties:

27 (1) Any person who commits an offense under subsection (b) of this section shall be  
28 guilty of a felony subject to imprisonment for not more than five (5) years, a fine of not more than  
29 five thousand dollars (\$5,000), or both.

30 (2) Any person who engages or participates in a pattern of residential mortgage fraud or  
31 conspires or endeavors to engage or participate in a pattern of residential mortgage fraud shall be  
32 guilty of a felony and subject to imprisonment for not more than twenty (20) years, a fine of not  
33 more than one hundred thousand dollars (\$100,000), or both.

34 (3) Any person who commits an offense and knew or had reason to know that the victim

1 was vulnerable due to age, disability, infirmity, reduced physical or mental capacity, national  
2 origin or ancestry, shall be guilty of a felony subject to imprisonment for not more than fifteen  
3 (15) years, a fine of not more than fifteen thousand dollars (\$15,000), or both.

4 (4) The court shall order restitution to any victim.

5 (5) In addition to any criminal penalties above, any person found in violation of this  
6 section shall forfeit anything of value received by him or her in the course of such violation.  
7 Action for recovery of these amounts shall be brought in the superior court of any county in  
8 which any element of the crime occurred. The actions shall be brought in the name of the state by  
9 the attorney general for the benefit and use of the state.

10 (d) It shall be sufficient in any prosecution for residential mortgage fraud to show that the  
11 accused party committed the act with the intent to defraud. It shall be unnecessary to show that  
12 any particular person was harmed financially in the transaction or that the person to whom the  
13 deliberate misstatement, misrepresentation or omission was made relied upon the misstatement,  
14 misrepresentation or omission.

15 SECTION 2. Section 12-12-17 of the General Laws in Chapter 12-12 entitled  
16 "Indictments, Informations and Complaints" is hereby amended to read as follows:

17 **12-12-17. Statute of limitations.** -- (a) There shall be no statute of limitations for the  
18 following offenses: treason against the state, any homicide, arson, first degree arson, second  
19 degree arson, third degree arson, burglary, counterfeiting, forgery, robbery, rape, first degree  
20 sexual assault, first degree child molestation sexual assault, second degree child molestation  
21 sexual assault, bigamy, manufacturing, selling, distribution or possession with intent to  
22 manufacture, sell or distribute a controlled substance under the Uniform Controlled Substance  
23 Act, chapter 28 of title 21, or any other offense for which the maximum penalty provided is life  
24 imprisonment.

25 (b) The statute of limitations for the following offenses shall be ten (10) years: larceny  
26 under section 11-41-2 (receiving stolen goods), section 11-41-3 (embezzlement and fraudulent  
27 conversion), section 11-41-4 (obtaining property by false pretenses or personation), section 11-  
28 41-11 (embezzlement by bank officer or employee), section 11-41-12 (fraudulent conversion by  
29 agent or factor), and section 11-41-13 (obtaining signature by false pretenses), or any larceny  
30 which is punishable as a felony; any violation of chapter 7 of title 11 (bribery); any violation of  
31 section 11-18-1 (giving false document to agent, employee, or public official); perjury; any  
32 violation of chapter 42 of title 11 (threats and extortion); any violation of chapter 15 of title 7  
33 (racketeer influenced and corrupt organizations); any violation of chapter 57 of title 11 (racketeer  
34 violence); ~~or~~ any violation of chapter 36 of title 6 (antitrust law); any violation of § 11-41-11.1

1 [\(unlawful appropriation\); any violation of § 11-18-6 \(false financial statement to obtain loan or](#)  
2 [credit\); any violation of §19-9-28 \(false statement to obtain a loan\); any violation of § 19-9-29](#)  
3 [\(bank fraud\); or any violation of § 11-18-34 \(residential mortgage fraud\).](#)

4 (c) The statute of limitations for any other criminal offense shall be three (3) years unless  
5 a longer statute of limitations is otherwise provided for in the general laws.

6 (d) Any person who participates in any offense, either as a principal accessory, or  
7 conspirator shall be subject to the same statute of limitations as if the person had committed the  
8 substantive offense.

9 (e) The statute of limitations for any violation of chapter 18.9 of title 23 (refuse  
10 disposal), chapter 19 of title 23 (solid waste management corporation), chapter 19.1 of title 23  
11 (hazardous waste management), chapter 12 of title 46 (water pollution), and chapter 13 of title 46  
12 (public drinking water supply) shall be seven (7) years from the time that the facts constituting  
13 the offense or violation shall have become known to law enforcement authorities, unless a longer  
14 statute of limitations is otherwise provided for in the general laws.

15 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would establish the crime of residential mortgage fraud and would extend the  
2 statute of limitations for the offenses of unlawful appropriation, false financial statement to obtain  
3 a loan or credit, and bank fraud.

4           This act would take effect upon passage.

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