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**INNER-CITY 'FLIPPING' SCAMS TO GET
CLOSE ANALYSIS BY HILBERT STUDENTS**
Efforts part of mayor's housing task force

HAMBURG, N.Y. – Thousands of pieces of data collected on “flipping,” a real estate practice that’s a growing problem in Buffalo’s inner-city neighborhoods, will be analyzed by Hilbert College students to detect fraud schemes as part of efforts by the mayor’s Anti-Flipping Task Force.

Starting this summer, two Hilbert economic crime investigation interns will analyze the city’s flipping data using the powerful iBase Designer software, a program designed specifically for intelligence analysts and investigators, which is available in the college’s forensics training lab.

A database built specifically for the analysis will be created by i2, Inc., makers of iBase. Under the guidance of two ECI professors, the students will use information pulled into the database to identify links and trails to help find where fraudulent activity is occurring in flipping transactions and the worst offenders.

“I’m pleased Hilbert is assisting with the work of the Anti-Flipping Task Force,” says Assemblyman Sam Hoyt, who is co-chairing the task force with State Sen. William Stachowski. “Hilbert’s nationally recognized economic crime investigation department will be a tremendous asset to our efforts to combat housing flipping and help stabilize Buffalo’s neighborhoods.”

Stachowski concurs “the mayor’s Anti-Flipping Task Force is taking a major step in reducing blight and deterioration in urban neighborhoods. We look forward to the assistance of Hilbert’s students and the experience and knowledge they will bring to the task force.”

Mayor Anthony Masiello announced in May the creation of the city’s task force, which is modeled after one established in Baltimore. Buffalo’s task force was set up in response to concerns about vacant, low-priced city homes being bought on Internet auction sites like e-Bay

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and then quickly being sold at inflated prices, oftentimes with no improvements made to the homes.

“We take this growing problem in the City of Buffalo very seriously, that is why I formed the city’s Anti-Flipping Task Force,” said Mayor Anthony M. Masiello. “Perpetrators of

flipping schemes and mortgage scams prey upon unknowing and vulnerable first-time homebuyers. This often leaves new homeowners with expensive repairs and contributes to blight in our neighborhoods. The intelligence provided by Hilbert's students will provide us with a quantitative analysis of the problem and direct us strategically in our decision-making process."

Flipping can lead to abandoned homes that are overvalued or overmortgaged and often a haven for drug activities in urban neighborhoods.

According to Kathleen Lynch, task force coordinator and an attorney at the Western New York Law Center, "real estate flipping itself is legal but largely unregulated and often involves unethical practices. What's more, the practice frequently involves flipping schemes and mortgage scams and that's where the students' data analysis will be an invaluable resource."

The iBase software will drastically reduce time needed to sift through literally thousands of entries of flipping data, explains Sandra Augustine, ECI chairperson.

"The students will be able to take that data and do a graphical analysis of flipping practices in the city and discover patterns where they might not otherwise be apparent," she says. "They will be able to sort data by buyer, property or other specified criteria to find patterns that indicate where fraud might have occurred."

Augustine adds "this is a rare opportunity for the students to analyze data from a real-life problem and gain a true understanding of how the software can be used in the investigative process. They will be able to see how the software's graphical component, which creates easy-to-read charts, can be critical to presenting key information at trial."

ECI major Erin Beiter of Cheektowaga, who will work on the data analysis with a fellow ECI student, agrees the hands-on skills garnered from this practical experience will provide a valuable "inside" look at fraud investigation.

"Being involved with this analysis will help me learn the latest investigative techniques and understand the full capabilities of the software to fight against a newer type of fraud that's affecting many Buffalo residents," she says. "While helping to reduce this growing problem, I'll also be gaining investigative skills that I can use in my career."

The rise of fraud related to flipping in the city, points out Lynch, is an issue that must be addressed now to stop further damage from being done.

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"Flipping promotes destabilization and preventive measures need to be in place," she says. "Those affiliated with the task force care about Buffalo's neighborhoods. With coordinated efforts, we can keep offenders involved with flipping schemes from profiting at the expense of the city's neighborhoods."

