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Stolen dreams

York fraud artist easily obtained titles to homes of unwitting victims

Imagine what it would be like to wake up one morning and discover that you no longer own the house you're living in it was apparently sold to someone and then re-mortgaged without your knowledge.

You no longer have a deed in your own name. As a result, you are not able to move because you can't sell the house. You can't refinance the house to take advantage of low interest rates or send your child to college. Nor can you use it to secure a car loan or to accomplish any other goal that requires mortgaging or selling your house.

That's exactly what happened to five sets of Richmond Hill homeowners in late 1999 and early 2000, when a fraud artist named Emanuele Tesoro decided to use their property titles to bilk several private and institutional mortgage lenders of more than \$1.5 million.

The properties are on Stratheam Ave., Alessia Ct., Blackwalnut Cr., Heatherwood Cr. and Hoodview Ct. The houses and their owners are no different from thousands of other homes and homeowners in Richmond Hill, or anywhere else, except that they became the victims of a well-orchestrated and highly sophisticated real estate fraud.

Last summer, Tesoro, age 47, pleaded guilty to 33 counts involving real estate fraud at the Ontario Court of Justice in Newmarket. The charges included fraud over \$5,000, uttering forged documents and signing a false affidavit. Unfortunately, the homeowners and their mortgage lenders are still waiting for a solution to the mess.

At the time of his guilty plea, Tesoro signed a lengthy declaration that detailed to the court his role in the fraud. Under oath, he admitted he caused certain deeds to be signed and registered to transfer title to five properties to himself without payment to the owners and without their knowledge.

After registration of the fraudulent deeds, he then registered forged discharges of four mortgages in favour of the Royal Bank and one in favour of the Bank of Nova Scotia, even though no money had ever been paid to those lenders.

Tesoro then approached several mortgage brokers and lenders to obtain new mortgages on the properties, which appeared to be free and clear. None of the parties knew he was not the true owner of the properties.

Two private lenders, along with Equitable Trust Company and MCAP Service Corporation, advanced mortgage funds ranging from \$210,000 to \$350,000 for each property, for a total borrowed of more than \$1.5 million.

Tesoro did not have his own lawyer on any of the transactions. He said in his declaration that he went to the offices of each lender's lawyer, signed whatever documents were presented to him, and provided his driver's licence and other identification showing his real name.

After the deals closed and Tesoro received the proceeds, he arranged for most of the money to be converted to U.S. funds through local foreign exchange companies. The funds, he said, "were sent out of the country and cannot be retrieved." The money that left the country is not traceable, nor was it converted into assets that can be traced or seized.

The balance of the money that remained in Canada was spent, and there is nothing left.

At the time of his guilty plea, Tesoro's stated he had no assets, was unemployed and bankrupt. He was still the registered owner of the five properties, and the original mortgages in favour of the Royal Bank and Scotiabank remain discharged. The new mortgages given by Tesoro in his real name to the new mortgagees remain on title but are in default.

Following his guilty plea before Judge Roy E. Bogusky in Newmarket court, Tesoro was sentenced to 38 months in jail on each of the charges, to be served concurrently. In addition, a compensation order was issued directing him to pay the victims \$1.545 million, but their chances of recovery are slim.

Recently, I went to York Regional Police headquarters to talk to the officers involved in the investigation. Det.-Const. Phil Shrewsbury-Gee and Det.-Sgt. Kevin O'Grady were very helpful in providing background on the frauds, and even showed me a pile of forged real estate documents from the local land registry office, complete with purple fingerprint powder that highlighted the fingerprints of those who had handled them.

I learned that York Region is not the only area where this type of real estate fraud is going on. Police forces in Halton, Peel and Toronto also have their hands full with frauds involving both artificially inflated purchase prices (known as Oklahomas) and fraudulent title transfers and mortgages.

The fraudulent transfer of titles and the forging of mortgage discharges strikes at the heart of the land registration system in this province. Ordinary members of the public, as well as the country's financial institutions, are losing millions of dollars to these types of fraud.

I'm told the four police jurisdictions are co-operating with each other in exchanging information but, to me, the issue is so vital to the public interest, I think there should be a joint task force co-ordinating the investigations.

I left York's police headquarters with more questions than when I entered.

Nobody is saying the banks or lenders are responsible for these losses, but why is it so easy, I wondered, for one person to obtain so much money from different institutional lenders within a short time period? Don't they exchange credit information with each other? Who did the appraisals on the property? Didn't anybody knock on the doors of the houses to check out whether the owners knew about the new mortgages?

I'm told Tesoro's money was taken out of the country in U.S. funds in cash by one courier. Who was the courier? Was anybody else involved in setting up the fraud? Is it that easy to take \$1 million-plus in cash across the border? Who converts \$1 million into U.S. cash without asking questions? Why didn't the agent or institution report the transactions to the police?

Why did the Newmarket court refuse to give me copies of Tesoro's statement and tell me to apply under the Access to Information laws? Aren't these public documents?

Why did the Newmarket land registry office, according to Shrewsbury-Gee, make York Regional Police pay for the title searches when they were investigating the forged

documents?

Who prepared the phoney documents for Tesoro to sign? Who concocted the scheme? Who else was involved and who got the benefit of the more than \$1 million obtained by fraud?

Above all, why are the families still waiting for compensation from the Land Titles Compensation Fund while they put their lives on hold? This fund is administered by Ontario to provide funds when people lose their property rights as a result of fraud.

The tragedy is there's nothing anyone can do with the title to their homes to protect themselves from this kind of fraud.

Watch this column for future developments.

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