



Department of Justice

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JUSTICE DEPARTMENT ALLOWS MORTGAGE INDUSTRY FIRM TO EXCHANGE FRAUD AND MISREPRESENTATION INFORMATION

WASHINGTON, D.C. — The Department of Justice's Antitrust Division will allow a mortgage industry organization to establish a clearinghouse to provide information to its subscribers about private complaints it receives of fraud and misrepresentation in the industry.

The proposal will allow persons in the real estate and mortgage business to receive information from the Mortgage Asset Research Institute on incidents of fraud, misrepresentations and other unscrupulous conduct.

The exchange of this type of information could have the procompetitive effect of reducing costs in mortgage-related businesses, the Department said. The Institute already provides public information about such misconduct to its subscribers.

The Department's position was stated in a business review letter to counsel for the Mortgage Asset Research Institute from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

Under the proposal, businesses involved in originating, servicing, insuring and reselling mortgages may subscribe to the clearinghouse. They will be required to inform the Institute of mortgage-related fraud and misrepresentation. Subscribers seeking to determine if complaints have been lodged against parties with whom they wish to deal could then ask the Institute for that information.

No information will be exchanged directly by subscribers. All information will pass through a third party vendor organized by the Institute, who will keep confidential the identity of reporting or requesting subscribers or what actions, if any, they took. Each subscriber will make its own independent decision about whether, or on what conditions, to deal with reported parties.

Bingaman stated the proposed program should not have any anticompetitive effects because it has been designed with sufficient safeguards against collusion--it is not likely to result in concerted decisions relating to whether, or the terms on which, any subscriber will do business with reported persons.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action as a violation of the antitrust laws.

A file containing the business review request and the Department's response will be made available in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review request will be added to the file.

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