

# Ocwen Fraud Report – Goodbye Mr Erby!

*Written by Dan McGookey      January 19, 2015*

The thirty year head of the helm of Ocwen Financial Corporation, William Erby, was forced into resignation recently as part of a settlement reached between the Company and New York Department of Financial Services Director Benjamin Lawsky. The settlement, which includes the payment of a \$150 million fine, concludes Erby's almost unbelievably fast fall from the upper echelons of this Country's financial services industry. The decline in Mr. Erby's personal wealth tells the story best.

Only ten months ago, Mr. Erby's wealth was listed by Forbes at \$2.5 billion. Immediately after the settlement was announced, it was down by over two-thirds, to \$800 million. Even more astounding is that \$300 million of that loss occurred within a matter of hours of the settlement. Mr. Erby's losses coincided with the 30% decline in value of Ocwen's shares to a three year low of \$15 per share.

All of this was the direct result of Lawsky's investigation, which exposed serious conflicts of interest between Ocwen and related foreclosure services companies. After the light of day was shined on its operations, it appears that there was a strong financial incentive for Ocwen, charged with the responsibility of collecting homeowner mortgage payments, to drive them into default and foreclosure instead. Enhancing the credibility of this charge was the fact, as revealed during Lawsky's investigation, that Ocwen made it a practice of sending out legally required foreclosure notices undergoing foreclosure months after they were due, and backdating them to cover its own tracks.

One can only hope that with Erby's departure, Ocwen will return to its roots when it was a small Delaware savings bank in the mid-1980's before his take-over. Only time will tell. In the meantime, homeowners with Ocwen-serviced mortgages everywhere need to realize that, chances are quite likely that Ocwen's fraudulent practices didn't stop at New York State's borders. In addition, even if there is a total turn-around in the way Ocwen does business, it will take time to effect that change. Therefore it is critical that Ocwen homeowners maintain constant vigilance by reviewing their monthly statements carefully, and acting immediately should discrepancies appear.

Ocwen is but one of the many lenders using same business model. Deceit.