



HOW TO SPOT A FAKE

BY BRENT SOBOL

27 tips to prevent rental application fraud.

Rental application forgery is an all-too-common—but often unpublicized—problem in the multi-family housing industry. At a recent Apartment Managers Crime Prevention workshop, property managers and members of the Atlanta Police Department Major Frauds department compiled a list of tips and techniques to detect and hopefully prevent rental application fraud.

Photo ID

1. Make sure the person on the ID is the person seated in the leasing office and not simply someone who has similar physical characteristics, such as a sibling.

2. Does the address on their photo ID match the address they claim to be living at presently? If not, why?

3. Always look at their original photo ID. Never take a photocopy or a fax of their ID because it can be easily doctored and could be more difficult to detect a fake. It is easier to discover a fake ID if the actual ID is what is being examined. If in doubt, check it against your own ID—perhaps in private while in another room.

Application

4. Who is waiting outside in the car for the applicant? Why don't they want to come into the office with them?

5. If multiple people are applying for one apartment, but they visit the leasing office as a group, invite all of them to the office at once beforehand for a “meet the property manager” meeting. If this can't be arranged or they are unwilling, maybe that's a red flag.

6. Do applicants use a “cheat sheet” to help them while completing the application? Or are they on the phone with someone asking, “What should I put down for this question?” That's another red flag.

7. After it's been submitted, give applicants a quick “pop quiz” about the information they wrote on their application—particularly if the information was filled in ahead of time. For example, “Would you mind confirming your Social Security number and date of birth for me please?” Credit card companies do this with applicants all the time over the phone.

8. Charge an application fee. Require that they make some payment. Having no application fee encourages those with forged documents to apply because they figure that they (literally) have less to lose. If an application fee special is offered, it is a better

approach to require some fee at the time of application. Explain that the fee can be waived upon approval by applying that payment toward the move-in money, such as a security deposit.

Income/Pay Stubs

9. Most businesses and government subsidies require direct deposit of pay and benefits, particularly Social Security income. All federal agencies that provide benefits will be required to use electronic deposit by 2014. Ask applicants to print their bank statements while in the leasing office to confirm the regularity of direct deposits that are coming into their account.

10. Do the paystubs look like off-the-shelf templates from an office supply store? “Someone turned in a fake pay stub with the company address listed as: 123 Example Lane, Example, Ga, and her Social Security number was 123-45-6789,” says Melissa White Kilpatrick, an Atlanta Senior Community Manager with Riverstone Residential. “Obviously, this was a template.”

11. Consider having applicants print their pay stubs (or Social Security benefits) directly from their company's Internet employment portal in front of a leasing agent. However, keep in mind that not all qualifying income will come from a verifiable source.

12. Check the math. “We have caught many fake pay stubs because year-to-date information such as withholding of taxes didn't match from period to period, etc.,” Kilpatrick says.

13. Look at the paystub and/or paycheck number increment. “Mom and Pop” business' checks sequencing should not increase by 500 check numbers in just two weeks.

14. Are there typos and misspellings on the check stubs? Look for lines that don't match up or weird shadows—usually from applicants taping a piece of paper with their name/address over someone else's document and then photocopying it. For example, Kilpatrick got an applicant from the Veterans Administration. The son typed his name and taped it over his father's name to receive his father's benefits statement (the benefit amount was really high and the applicant was only 20—it just didn't make sense). A weird shadow could be easily detected near the son's name and the font was different.

One of Kilpatrick's resident even provided falsified military orders to break his lease without penalty. “You could clearly see where his name, address and personal information were taped over the correct information,” she says. “The font was much larger than the rest of the document and it didn't help that he didn't list the military as his employer on his rental application.”

Tax Forms/Employer

15. Are the applicants' tax returns signed? If not, ask them to do so. If the tax return was prepared by someone else, call their number to verify the return—usually the preparer's number is listed on the tax return. What address of residence is used on the tax return—does it match their application? Why not?

16. Applicants who claim to be employed should have W-2 IRS forms. If they don't know what a W-2 form is, that's a red flag. Not everyone has W-2 forms, but if they claim to work for Coca-Cola, for example, they should have them. If they claim to be a contractor, ask for their annual 1099 IRS forms.

17. Ask for a faxed rental and income verification directly from their property manager or employer. If the incoming fax header says “Weekly Inn and Suites,” be suspicious. They might

Concerning fair housing, “If your company decides to implement any of these tips or techniques, you need to be consistent in using them for all applicants,” says Nadeen Green, Senior Counsel with For Rent Media Solutions. “It would not be wise to select some applicants for further scrutiny or these processes and not apply them to others. Even if consistency isn’t a legal requirement, it is a smart business decision and should be operational policy.”

have just been put out and have nowhere else to stay. Does the handwriting on the verification appear similar to what is on their application?

18. Check the name and address of the company they work for through a quick Google search. Check the Secretary of State’s website to see if the business entity actually exists. Note, however, that not all companies are required to register with the Secretary of State.

19. Google any phone number that is claimed as a business. Usually, if the business is larger than a mom-and-pop business, it will show up via a Google search because that business wants its phone number publically available. Mobile phone numbers usually don’t show up as businesses when searched.

20. Use Google Earth to actually view the structure they claim is their employer and the home or apartment in which they claim to be living. For example, Kilpatrick had a hairdresser apply—a profession in which income is hard to prove because they are often paid in cash—and when she Googled the address, it was a defunct church on a lot with a large “for sale” sign out front.

Prior Residence/Credit

21. Ask them if they are on the lease now at the place that they claim to reside. If not, why?

22. If applicants hand in documents such as a cancellation of prior landlord debt, pension benefits or criminal expungement

paperwork, call the document issuer to verify its authenticity.

23. If you have access to an evictions or writs of possession listing service, such as PDQ, use it.

24. If no phone number is listed on documents that should have a phone number, that’s a red flag.

25. Is their credit report blank? Does it show all zeros or “none?” There is a technique called “freezing” or “locking” one’s credit report that can hide credit-related information and make it appear there is no credit history for the applicant to some screening-report providers. The screening company might not be able to detect if the applicant’s credit profiles are frozen or locked.

Final Steps

26. Forgery can be subtle and difficult to spot. If there is doubt about the validity of a document or applicant’s story, ask a team member or supervisor to get involved by providing a second set of eyes and ears. What one person misses, another might detect.

27. If you are absolutely confident that the document has been forged, consider calling 911 to report it. In many states, presenting a forged document with the intent to deceive is a felony and the applicant can be arrested.

Brent Sobol, an Independent Rental Owner in Atlanta, is passionate about crime prevention. He can be reached at 404/275-2389.
