Economists, industry practitioners, and government officials have failed to observe the significance of mortgage fraud as an inherent problem related to the subprime mortgage crisis. Relying on intensive interviews with 23 subjects, previously and currently employed in the subprime lending industry, government reports, media accounts, and a variety of secondary sources, this study traces the exponential growth of mortgage fraud to loose underwriting standards, alternative loan products, and inadequate regulation and regulatory oversight of the subprime mortgage industry. The research findings detail and describe various types of financial crimes that constitute a modern form of mortgage fraud; unlike their traditional counterpart, contemporary mortgage fraud contain elements of both fraud for profit and fraud for property. Various types and patterns of mortgage fraud “data manipulation,” “data fabrication,” and “concerted ignorance” completely altered the function of the subprime industry. Toward this end, the industry operated not only to provide bad loans to bad credit borrowers but also to provide bad loans to bad credit borrowers who fully lacked the ability to repay the loans. The social and economic implications of fraud are also explored in light of the findings. From a policy perspective, future fraud prevention and intervention strategies should incorporate a multi-faceted approach that includes strict underwriting standards, regulatory oversight, accountability, and mandatory continuous education for loan practitioners.