

Fraudulent Practices in Land Market and the Real Estate Investors' Appraisal in Uyo, Akwa Ibom State, Nigeria

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ABSTRACT

The study investigated the types of fraudulent land transactions prevalent in Uyo. The study adopted survey-research design which data were collected from 200 respondents which included Estate Surveyors & valuers, lawyers, real estate investors and real estate agents. Descriptive statistical tools were used to analyse the data. The result of the analyses revealed that multiple sales of a single parcel of land to different buyers is the most prevalent fraudulent land transaction in Uyo as it had a mean score of 4.36. There was no significant difference in the opinions of the different groups of respondents as the P-value was 0.31 which was greater than the level of significance of 0.05. The implication of this is that if real estate investors are not diligent while carrying out land transactions, they may be defrauded. We therefore recommend that Akwa Ibom State government should strengthen the machinery for land registration in the state to help eliminate the fraudulent land transaction. Land buyers should diligently conduct search on the land title before buying them; Land buyers should carry out independent valuation of the land before buying them.

Keywords: *Fraudulent, Land, Market, Practices.*

1.0 INTRODUCTION

Real estate is an important sector in stimulating economic growth (Agarwal and Srivastava, 2019). Land is a resource of primary importance upon which the economy of any nation hinges (Ugonabo and Egolum, 2019). This can be substantiated by the fact that all human activities sit on land as the base. According to Otubu (2013), it is apposite that man's fulfillment of his potentials in life depends largely on his relationship with land. In deed all the basic necessities of man namely shelter, food, clothing, etc are derived from land (Ugonabo and Egolum, 2019). It is

this overwhelming importance of land to mankind that makes many persons to desire acquiring land and developing it to meet the basic needs and even invest in it to get some returns. Hoesli and Macgregor (2000) opined that real estate investment is a good store of wealth on the long-term basis. Acquisition of land is capital intensive (Kalu, 2001). Therefore, acquisition of land on some occasions cost huge amount of money. Unfortunately, a number of different fraudulent land practices take place in many cities in Nigeria. In some cases, a plot of land may be sold to a buyer using forged title documents and the sellers disappear into thin air immediately after collecting money from the buyer (Ugonabo and Egolum, 2019). According to Olulere and Odima (2016), fraudulent practices on land have been on for a while now and have resulted in loss of confidence by investors. Aruya (2016) as cited in Ugonabo *et al* (2019) opined that these evil practices have not only hindered real estate development but has also made many individuals and organizations to relocate to neighbouring States where the level of such fraudulent practices on land are minimal. Land is a resource of high value and fraudsters have made efforts to defraud real estate investors on land transactions so it is common to hear of fraudulent land transactions across many cities of the world. These fraudulent land transactions have caused many real estate investors to lose huge funds.

2.0 Review of Related Literature

Ugonabo and Emoh (2013) stated that the frustrating situation of fraudulent land transaction practices drives away property investors to neighbouring places where investment climate is friendlier. Agarwal and Srivastava (2019) asserted that the major types of real estate frauds in India are Emaar properties scam, Nolda land scam and Adarsh Housing society. Aruya (2016) as cited in Ugonabo *et al* (2019) opined that evil practice in land transactions have not only hindered real estate development but has also made many individuals and organizations to relocate of such fraudulent practices on land are minimal.

Unger, Ferwerda, Trouw, Nelen and Ritzen (2010) stated that the reasons for real estate frauds are that real estate market is large and high value market. Secondly, that the investment is in real estate and a belief of property speculation for

buyers. Agarwal and Srivastava (2019) opined that most of the frauds in real estate happened either due to ignorance of buyers' certain information or developers not sharing the exact information with the buyers. Shunnar and Barry (2011) stated that fraud in real estate is widespread in developed and developing countries and that in developed countries many of the fraudulent schemes are enabled by technology.

Zakariah, Samsudin and Ngadiman (2020) concluded that the fraud and forgery challenges in Malaysia is caused by limited power of registrar or land administrator, lack of expertise and resources, computerized land registration system security, lack of concern among legal practitioners and commissioners of oath and the abuse of power. Shunnar and Barry (2011) opined that property transaction fraud falls into two categories of fraud by forgery and fraud by impersonation. Agarwal and Srivastava (2019) concluded that the types of real estate fraud that occur most often are title deception, hurried sales, assure returns, delays in possession, take promises, forced cancellations, selling without authorization, change in plans, selling the same unit to multiple buyers and encroachments.

In Nigeria, research has been carried out in the south-west as evidenced in the study of Aruya (2016) and in South-East as seen in the study of Ugonabo and Emoh (2013) but no much attention has been focused on the research around. South-South, Nigeria especially in Akwa Ibom State yet this is a developing place where there are frequent land transactions. Having identified this gap, this study is aimed at investigating the types of land transaction fraud that exist in Uyo, Akwa Ibom State. Shunnar and Barry (2011) identified ABC construction scheme as one of the fraudulent land transaction practices. ABC construction scheme is aimed at being used for quick profit or money laundering. In the scheme, the price of the property is inflated by selling it back and forth between two or more persons who are colluders before selling it to the "main" buyer and if the main buyer fails to obtain an independent valuation, he will fall a victim of paying the inflated price.

Ugonabo, Ugochukwu and Igwe (2019) defined land fraud as a material misstatement, misrepresentation or omission which people rely upon to illegally effect a transaction involving real estate to their benefit or to the detriment of others. By this definition, it suggests that in land transaction, people can use fake information or documents to mislead potential buyers to part with their funds.

From the review of literature, we have identified many types of property transaction frauds. Nwankwo (1991) stated that fraud is the number one enemy of business and no entity is immune from it. Therefore, this study is aimed at investigating the fraudulent land transaction practices in Uyo so that real estate investors can be guided in their plans to invest in real estate in Uyo. Uyo in Akwa Ibom State is a developing city in Nigeria with a lot of potentials for the real estate investment because of her peaceful nature, favourable topography and large span of land which has not yet been developed yet her population is growing.

3.0 Research Methodology

This study employed survey design to investigate the types of land transaction fraud(s) that are prevalent in Uyo. The target respondents for this study were Estate Surveyors & Valuers, lawyers, real estate investors/owners and real estate agent. These are people who are usually involved in land transactions as they scout for the land, value it, and draft the agreements to transfer the title or provide finance to complete the transaction. Two hundred (200) copies of structured questionnaire were randomly distributed to the targeted respondents in equal proportion of 50 per category of respondents (Estate Surveyors & Valuers, lawyers, real estate investors/owners and real estate agents), 200 copies of questionnaire were properly completed and returned. This represented 100% response rate. The study adopted both descriptive and inferential statistical tools such as mean ranking and ANOVA to analyse the data collected.

4.0 Presentation and Analysis

Table 1: Descriptive Analysis of the Respondents Profession by Gender

			Female	Male	Total
Respondents	Estate agents	Count	23	27	50
		% of Total	11.5%	13.5%	25.0%
	Estate Surveyors & Valuers	Count	8	42	50
		% of Total	4.0%	21.0%	25.0%
	Lawyers	Count	28	22	50
		% of Total	14.0%	11.0%	25.0%
	Real estate owners	Count	31	19	50
		% of Total	15.5%	9.5%	25.0%
	Count		90	110	200
	% of Total		45.0%	55.0%	100.0%
Total					

Source: Field survey, 2022.

Table 1 shows the distribution of the respondents by their gender in each of the professions. We were careful in ensuring that responses were obtained across gender to ensure balanced opinions and to eliminate bias. Table 1 also indicates that 11.5% of the respondents were female real estate agents while 13.5% were male real estate agents; 8% of the respondents were female estate surveyors and valuers while 21% were male estate surveyors and valuers; 14% of the respondents were female law professionals while 11% of the respondents were male law professional; 15.5% of the respondents were female real estate owners while 9.5% were male real estate owner. In total, 45% of the respondents were female while 55% were male.

Table 2: Mean Responses and Ranking of the fraudulent land transaction Practices

Responses	N	Mean	Rank
Fraudulent sales without title	200	3.61	2 nd
Multiple sales of same land to different buyers	200	4.36	1 st
ABC construction scheme	200	1.33	5 th
Fraudulent sales by impersonation of the owner	200	3.08	4 th
Encroachment and fraudulent sales of government land	200	3.56	3 rd

Source: Field survey, 2022

Table 2 shows the mean responses on the types of fraudulent land transaction practices occurring in Uyo. From table 2, multiple sales of land had mean response of 4.36. This mean the most frequently occurring fraudulent land practice in Uyo is

multiple sales of a single parcel of land to different buyers. This is the fraudulent land transaction where one parcel of land is sold by the vendor to the first buyer and after the land has been bought by the buyer, the vendor fraudulently goes back to the same land he had sold and resells it to another buyer without the knowledge of the first buyer.

On many occasions, the second or subsequent buyers pay higher than the previous buyer. This fraudulent practice often takes place at places like Osongama Estate axis. This occurs because of poor land title registration in Uyo. Land sales without title had mean response of 3.61. The means that the second most occurring fraudulent land transaction practices in Uyo is sales of land without having the right to sell. In this practice, a member of the family who does not have the authority to sell the family land often times enter the family land and sell it to someone. After sometime when that transaction had taken place, other members of the family show up and lay claim that they never consented to selling the land.

Encroachment and sales of government land had mean response of 3.56. This is the third most frequently occurring land transaction fraud in Uyo. In this land transaction fraud, fraudulent land sellers take ignorant land buyers to some parcel of land owned by government and deceitfully cut a portion of such government land and sell out to unsuspecting land buyers. At the point of developing the land or in the course of developing the land, government may stop the development and may demolish what has been developed already and the buyer will not have anything to hold unto. This encroachment on government land is rampant around University of Uyo permanent site.

Impersonation had mean response of 3.08. This type of land transaction fraud ranked the fourth. This is the type of fraudulent land transaction where fraudsters impersonate the owner of the land. They claim to own the land and will from there deceive the buyer. This type of fraud succeeds where a parcel of land has been left undeveloped for a very longtime. At time, the owner may have died or travelled out of the city for a long time. In such case, some fraudsters forge the title document and impersonate the owner and when the owner returns or the family members show up, problems arise. At that point, the buyer's money may be lost.

ABC construction scheme had mean response of 1.33. It is the fifth and the least in ranking. This is the fraudulent practice aimed at inflating the price of a

property by selling it back and forth between two or more colluders before selling it to the main buyers. The victims of this type of fraudulent land transactions are usually banks, multi-national companies and other big corporate organizations. These types of organizations are not too many in Uyo.

Table 3: Comparison of mean response by profession using ANOVA

Responses	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.455	3	2.485	1.203	.310
Within Groups	404.940	196	2.066		
Total	412.395	199			

Table 3 shows the Analysis of variance (ANOVA) among the groups mean. From the table, we had p-value of 0.3. This P-value was greater than the value of the level of significance (0.05) and we conclude that there was no significant difference among the means of the different groups of the respondents.

5.0 CONCLUSION AND RECOMMENDATIONS

The study investigated the types of fraudulent land transactions prevalent in Uyo. It revealed that multiple sales of a single parcel of land to different buyers is the most prevalent fraudulent land transaction in Uyo. This type of fraud is given the opportunity because the machinery for land title registration in Uyo is not strengthened enough to ensure all land title in the city are registered and land information can easily be obtained.

Secondly, some land buyers are negligent in thoroughly conducting search on land title before buying them. From the findings, we also discovered that fraudulent sales of land without title, encroachment on government land and fraudulent sales of land by impersonation were also common in Uyo as the mean response were above 3 which was the average. The only fraudulent land transaction practices which was not common in Uyo was ABC construction scheme. This was because Uyo has not yet developed to the stage of having many corporate organizations buying land within the city for their development. Also, may be the few corporate organizations buying land in Uyo carry out independent valuation of the land before buying them. From the findings, we recommend that Akwa Ibom State government should strengthen the machinery for land registration in the state to help eliminate the fraudulent land transaction. Land buyers should diligently conduct search on the land title before buying them; Land buyers should carry out

independent valuation of the land before buying them. With these things in place, we can assist reduce the frequency of fraudulent land transaction in Uyo, build real estate investor's confidence and attract more of them to boost real estate market in Uyo.

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