



By Lisa A. Tyler  
*National Escrow Administrator*

This edition contains stories from three heroic colleagues who saved the Company from potential losses and claims.

In southern California, an independent escrow officer placed an order for title insurance with a title company and worked closely with the title officer towards closing the transaction. The independent escrow officer relied on the resources and expertise the title company had available to them. In this story, red flag after red flag popped up. The escrow officer shared every detail with Neil Viner, Title Officer with Lawyers Title Company in Burbank, California, who thoroughly reviewed the documents and was able to confirm their suspicions. Read "FAKE ids" for more information.

The Company implemented a simple, yet effective procedure to identify and stop thieves trying to sell vacant land out from under real property owners. The best way for settlement agents to ensure they are dealing with the true property owner is to reach out to the owner at the tax bill mailing address. This has proven to be effective time and time again, as demonstrated in this story. Read "STOP! thief!" for the details.

Combating wire fraud has become a part of daily life. It has been devastating on our industry and wreaked havoc on many real estate transactions. According to the U.S. Department of Justice, wire fraud includes the following elements:

1. A scheme to defraud by means of false pretenses,
2. Defendant's knowing and willful participation in the scheme, with intent to defraud, and
3. Use of interstate wire communications in furtherance of scheme.

Fortunately, the industry has learned a lot about the methods used by the scammers and are succeeding in stopping these criminals in their tracks. The article titled "THE ol' switcheroo" demonstrates how Michelle Lopez, Escrow Officer, Chicago Title Company, used her skills to avoid becoming a victim.

Happy New Year! This year we are providing readers with insight on money laundering and cash reporting obligations required of settlement agents. The first article of the new year is titled "INTRODUCTION to money laundering." Do not miss this great read or the next eleven months of insightful information.

### IN THIS ISSUE



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## FAKE ids

Neil Viner, Title Officer with Lawyers Title Company in Burbank, California, received an order for an owner's title policy regarding the sale of a home for \$470,000 from an independent escrow officer he works with regularly. He performed the title search and prepared the title report.

Neil's search revealed a few uninsured deeds in the chain of title. As a result, he required an Affidavit of Uninsured Deed for each transfer. He sent the report to the escrow officer.

The escrow officer sent out the necessary documents and instructions to the sellers, who were a married couple. A few days later a random person, not otherwise affiliated with the seller or listing agent, delivered the executed documents to the escrow officer. The escrow officer immediately scanned them and sent them to Neil for review.

Neil noticed that all the documents were completed by the same person, since the handwriting and ink were the same. He recognized the notary as a colleague who worked at a different office. Neil reached out to his colleague who confirmed the signers never appeared in front of her and she did not acknowledge their signatures.

Neil immediately escalated the file to his manager. His manager did an extensive search of each individual involved in the uninsured deeds discovered in the chain of title and who purportedly executed the documents. The manager found even more discrepancies — starting with the social security numbers provided did not match up with the sellers' names.

Neil notified the escrow officer that the seller would have to re-execute the documents in her presence. The seller refused to come to her office



but did have someone drop off copies of the California drivers licenses for the grantors of the uninsured deeds.

Once again, Lawyers Title reached into their bag of tricks to confirm they were all fakes. The manager has a reliable contact in law enforcement who reviewed the IDs and confirmed they were not valid. In addition, the law enforcement officer opened a case file and began an investigation.

Neil's professional relationship with the escrow officer proved key in this instance. As the title insurance company, Lawyers Title insures against fraud and forgery. The escrow officer was instrumental in sharing her suspicions so Neil could investigate further.

Neil's investigation led to a denial to insure and thwarted a potential claim of \$470,000. For his investigative skills, Neil is being rewarded \$1,500. Keep fighting the good fight!

**Article provided by contributing author:**  
Diana Hoffman, Corporate Escrow Administrator  
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## STOP! thief!

Marnae Ballantyne, Escrow Manager, Fidelity National Title Agency of Utah in American Fork, Utah, opened a sale of a vacant lot for \$385,000. The buyer was a real estate investor paying cash. He never met the seller in person.

All communications were done via text or email. The seller signed the purchase agreement electronically. The buyer admitted he believed the deal was too good to be true. Unfortunately, he was right.

Marnae ordered the title report and, in accordance with Company policy, looked up the seller's tax bill mailing address on the county

website. The seller's address was in Georgia. Knowing the buyer wanted to close quickly, Marnae decided to learn more about the owner, so she searched the owner's name in Google™.

The search revealed where the seller worked. Marnae picked up the phone and tracked him down. She asked him if he owned a lot in Utah. He said, "Yes." She asked him if it was for sale. He said, "No." She asked him to confirm his mailing address, the approximate amount of the property taxes and when he purchased the lot. He knew all the correct answers, so she knew he was the true owner.



**TELL US HOW YOU STOPPED FRAUD**

settlement@fnf.com or  
949.622.4425

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**[STOP! thief! — continued]**

Marnae explained the situation to the owner. He was upset to learn what was going on, but very grateful she tracked him down and went the extra mile to make him aware of the situation. She applauded him for having his current mailing address on file with the county, so she knew how to reach him.

The owner asked Marnae what he could do to protect himself. She informed him about a property watch notification system available through the county. Property owners can sign up to be notified if anything affecting their property is recorded. She urged him to sign up for the service. She also encouraged him to contact the local police department.

In addition to tracking down the real property owner, Marnae talked to the thief who fraudulently listed the lot for sale. She knew almost immediately he was an imposter since he knew nothing about the property history or facts about the true owner, including where he lived. Way to go Marnae! She has received a \$1,500 reward for not closing this sale.



**Article provided by contributing author:**  
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# THE ol' switcheroo

Michelle Lopez, an extraordinary escrow officer for Chicago Title Company's Glendale, California office, was working on a refinance. The new loan amount was \$355,000. She ordered the payoff demand, sent it off to the loan officer and set the file aside for closing.

Several weeks later the loan was ready to close. Michelle ordered an updated demand. She received two demands by e-fax. Both demands were for the exact same amount, so she reviewed them side-by-side to determine why she received two.

VALID DEMAND	INVALID DEMAND
<p><b>VALID DEMAND</b></p> <p><b>newrez</b>          CJO PHH Mortgage Services          PO Box 24738          West Palm Beach, FL 33416          Tel 888-830-6474          Fax 856-917-8300</p> <p><b>PAYOFF REQUIREMENTS AND CONDITIONS</b></p> <p>Certified funds are required for payoff. Payoff funds must be provided via certified funds, such as bank wire transfer, cashier's check, certified bank check, title company check, money order, attorney's escrow check, MoneyGram or Western Union. Non-certified payments will not be accepted and the payoff will not be processed.</p> <p><b>HOW TO SUBMIT PAYOFF FUNDS</b></p> <p>Bank wire transfers are preferred. Bank wire transfer is the fastest, safest and most convenient payment option. Because this is the fastest option, it may also save money on per-diem interest.</p> <p>To make a bank wire transfer, provide the information listed under payment methods to the receiving bank.</p> <p>Be sure to always include the account holder's name, property address and account number on any remittance. If funds cannot be wire transferred, send the payment in certified funds by overnight mail as shown below.</p> <p>Details for bank wire transfer:          * M &amp; T Bank #          1 MT Plaza, Buffalo, NY, 14203          ABA: 02200046 / Account Number: 9865548821          Credit to: PHH Mortgage Services</p> <p>Mail certified funds via overnight mail to:          PHH Mortgage Services          Attn: Cashiering / Payoff Department          1661 Worthington Rd., Ste. 100,          ATTN: SV20          West Palm Beach, FL 33409</p> <p>All checks and money orders should be made payable to PHH Mortgage Services. The mortgage account number, account holder's name and property address must be included on the front of any check or money order. For same-day processing, wire transfer, check and money order payments must be received by 5:00 pm ET.</p> <p>This payoff amount is subject to change. To the extent permitted by law, PHH reserves the right to correct any portion of this statement any time.</p> <p><b>WIRE INSTRUCTIONS VERBAL CONFIRMATION</b>          Amount Of Wire: \$355,000          Spoke To: <u>Sunder - Escrow Dept</u>          Company/Party: <u>PHH</u>          Phone #: <u>877-710-3819</u>          REASON FOR CHANGE:          Date/Time: <u>11/1/12 10:50 AM</u>          CONFIRMED BY: <u>AA</u></p> <p><small>Log in to MortgageQuestions.com — your servicing website connection.</small></p>	<p><b>INVALID DEMAND</b></p> <p>11/1/2012 03:25:31 EDT To: 1909923589 Page: 3/5 From: HOLMES RESIDENTIAL Fax: 888781844</p> <p><b>newrez</b>          CJO PHH Mortgage Services          PO Box 24738          West Palm Beach, FL 33416</p> <p><b>PAYOFF REQUIREMENTS AND CONDITIONS</b></p> <p>Certified funds are required for payoff. Payoff funds must be provided via certified funds, such as bank wire transfer, cashier's check, certified bank check, title company check, money order, attorney's escrow check, MoneyGram or Western Union. Non-certified payments will not be accepted and the payoff will not be processed.</p> <p><b>HOW TO SUBMIT PAYOFF FUNDS</b></p> <p>Bank wire transfers are preferred. Bank wire transfer is the fastest, safest and most convenient payment option. Because this is the fastest option, it may also save money on per-diem interest.</p> <p>To make a bank wire transfer, provide the information listed under payment methods to the receiving bank.</p> <p>Be sure to always include the account holder's name, property address and account number on any remittance. If funds cannot be wire transferred, send the payment in certified funds by overnight mail as shown below.</p> <p>Details for bank wire transfer:          US Bank #          800 Nicollet Mall Minneapolis, MN 55402          ABA: 122105155 / Account Number: 181393845498          Credit to: PHH Mortgage Services</p> <p>Mail certified funds via overnight mail to:          PHH Mortgage Services          Attn: Cashiering / Payoff Department          1661 Worthington Rd., Ste. 100,          ATTN: SV20          West Palm Beach, FL 33409</p> <p>All checks and money orders should be made payable to PHH Mortgage Services. The mortgage account number, account holder's name and property address must be included on the front of any check or money order. For same-day processing, wire transfer, check and money order payments must be received by 5:00 pm ET.</p> <p>This payoff amount is subject to change. To the extent permitted by law, PHH reserves the right to correct any portion of this statement any time.</p> <p><small>Log in to MortgageQuestions.com — your servicing website connection.</small></p>

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[THE ol' switcheroo — continued]

Michelle noticed at the top of one it was faxed over from a company she was not familiar with nor were they a party to her refinance. The phone numbers in the header of the demand were also missing. Then she compared the wire instructions:

WIRE INSTRUCTIONS FOR VALID DEMAND	WIRE INSTRUCTIONS FOR INVALID DEMAND
<p>Details for bank wire transfer:            M &amp; T Bank            1 MT Plaza, Buffalo, NY, 14203 #            ABA: 022000046 / Account Number: 9865548821            Credit to: PHH Mortgage Services</p>	<p>Details for bank wire transfer: P            US Bank            800 Nicollet Mall Minneapolis, MN 55402            ABA: 122105155 / Account Number: 182383845498            Credit to: PHH Mortgage Services</p>

Michelle knew right away someone was trying to defraud the Company. She called the lender at a known, trusted phone number and spoke with someone in the escalation department to confirm the wire instructions shown on the second demand were incorrect. She did exactly what she learned. Calling to verify the wire instructions at a known, trusted phone number is the best way to prevent wire fraud from happening.

Michelle successfully closed the refinance and paid off the borrower's loan in the amount of \$197,500. Thank goodness she stopped to carefully review the demands received. She has received a reward of \$1,500 for protecting the Company from a potential loss.

**Article provided by contributing author:**

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## INTRODUCTION to money laundering

**In recent years, various governmental entities believe they have identified vulnerabilities in the purchase and sale of U.S. real property, which makes it possible for criminals to take advantage of real estate money-laundering schemes.**

It is believed the purchase of real estate, often combined with methods to conceal a purchaser's identity and source of funds, can allow criminals to take the ill-gotten proceeds and either park the wealth or integrate the proceeds into the legal economy.

Escrow and title companies can do their part to help the appropriate government authorities track certain types of



transactions. First, settlement agents may report "cash" payments received into escrow. Next, settlement agents asked to make multiple payments to the same payee under \$10,000 may decline. Last, title insurance companies are required to report certain purchases which are covered by a Geographic Targeting Order (GTO).

This year we will explore these topics in detail:

- ✓ What transactions are covered by the GTO
- ✓ What is "cash" as defined by the IRS
- ✓ How to report "cash" received
- ✓ Appropriate disbursements or risky disbursements

Keep in mind, the Company has extensive policies and procedures for proper compliance with these items. These articles are not meant to replace the Company guidelines. These articles will touch upon a high-level review of requirements that settlement agents may be required to comply with. Enjoy!

*The information provided herein does not, and is not intended to, constitute legal advice; instead, all information, and content, in this article are for general informational purposes only. Information in this article may not constitute the most up-to-date legal or other information.*

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