



▶ **WOMAN** convicted in real estate wire theft

By Lisa A. Tyler
National Escrow Administrator

Two separate homebuyers involved in two separate home purchases were scammed out of a combined total of \$391,500. Both homebuyers sent wire transfers to what they thought were the trust accounts of the title companies closing their transactions.

Both victims reached out to law enforcement, including the Federal Bureau of Investigation (FBI). Read the story entitled “WIRE scammer convicted” to find out about a person perpetrating the diverted wire transfer scam who was finally caught and brought to justice.

Absentee property owners are a cause for concern. This newsletter has described incidents where imposters have either attempted to

sell (or been successful in selling) or mortgage another person’s property and strip the equity from the true owner.

As a result, settlement agents and title officers nationwide are even more cautious. This issue includes a story of a red flag that an observant escrow officer in Phoenix noticed. Read “REAL ID” for more information.

The 2020 editions of *Fraud Insights* will contain **cyber buzz** articles containing new words and definitions utilized in our ever-changing technology, and the ways the technology is used to commit crimes, add efficiencies and — in some cases — create a whole new way of conducting business. In this edition learn new definitions in “ALL things ‘e’.”

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WIRE scammer convicted

In September 2015, a Tucson, Arizona resident contacted local law enforcement and the FBI to report the theft of their closing funds in the amount of \$189,500. The would-be home buyer had wired the closing funds to a bank account in the name of a logistics services company after receiving an email indicating the bank account information for the title company closing the transaction had changed. The home buyer believed the email came directly from the title company representative and sent the funds via wire transfer to the account noted therein.

The following day, while signing documents at the title company the settlement agent asked the home buyer for the wire transfer to complete the closing. The home buyer panicked when they found out the funds had been sent to a fraudster's account and not to the title company. They immediately reported the incident to the FBI.

During the FBI's investigation of the crime, another Tucson home buyer fell victim to the same crime and sent \$202,000 to the account of that same logistics company. The second home buyer also contacted local authorities and the FBI.

The FBI discovered that the account to which the funds were directed was actually in the name of a shell company controlled by a person by the name of Alysia Franco, who was also known as Martha Orozco.

As a result of their investigation, the Arizona Attorney General's office was contacted, and they moved swiftly to seize the bank account containing the wire transfers. Luckily, the funds

were still in the account and the bank returned the funds to both victims so they could complete their home purchases.

Then, law enforcement took action against Franco. They had enough evidence to take the case to trial. A state grand jury indicted Franco for involvement in a scheme to steal closing funds during real estate purchase transactions.

The indictment alleged Franco committed two counts of theft, one count of money laundering in the second degree, one count of illegally conducting an enterprise and one count of conspiracy.

On November 11, 2019, the Arizona Attorney General announced Franco pleaded guilty to participating in a real estate fraud scheme. She pleaded guilty to one count of attempted money laundering in the second degree. She faces up to 3.75 years in prison.

MORAL OF THE STORY

We often hear horror stories of home buyers being victimized by the diverted wire transfer scam, but rarely do we hear follow-up stories of the fraudsters being caught and brought to justice. It is encouraging to know local law enforcement, the FBI and the offices of attorneys general in all 50 states are working in harmony to combat the evergrowing crime. It is stories like this one that will serve as a future deterrent to criminals.



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REAL ID

Christine Champion, Escrow Officer for Lawyer's Title in Phoenix, was working on a sale transaction. She scheduled a mobile signing agent to meet with her seller who was located in Pennsylvania. The appointment was set.

The mobile signing agent met with the seller, acknowledged his signature and sent the original documents back to Christine. Included in the package was a copy of the seller's identification (ID). Christine had some reservations about this transaction because the seller was very difficult to get a hold of. He was also an absentee seller, meaning he did not live in the property being sold through this transaction, so she was extremely cautious.

Christine reviewed all the documents thoroughly but gasped when she looked at the seller's ID. She noticed it read, "NOT FOR REAL ID PURPOSES." What does that mean?



Christine was taken aback. She sent a copy of the ID to her supervisor, who forwarded it on to settlement@fnf.com. National Escrow Administration was impressed by Christine's observation. However, we also knew there was a real – we mean REAL possibility this was a valid ID.

The Corporate Escrow Administrator provided Christine with the following link: <https://www.dhs.gov/real-id-frequently-asked-questions>. She also recommended Christine call the Pennsylvania Department of Motor Vehicles (DMV).

Christine did call the Pennsylvania DMV who verified they do issue driver's licenses and identification cards which read, "NOT FOR REAL ID PURPOSES," but they are otherwise valid. What is a REAL ID?

The REAL ID Act established minimum security standards nationwide, for state-issued driver's licenses and identification cards. Beginning on October 1, 2020, only REAL IDs will be acceptable for federal purposes, such as the Transportation Security Authority (TSA) screening process at airports to fly on domestic commercial flights, or to gain access to a military base. The wording on the driver's license is ironic; clearly not well thought out.

Anyone planning on utilizing their driver's license to travel or access federal facilities will want a REAL ID. A passport is sufficient, but for

those who travel domestically on a frequent basis getting a REAL ID may be beneficial.

There are four categories of information the DMV uses to identify persons in order to comply with the provisions of the REAL ID Act:

1. Proof of identity
2. Proof of Social Security Number
3. Two proofs of current, physical address
4. Proof of all legal name changes, if applicable

It is important to review the local DMV website for a detailed list of requirements for the types of acceptable information.

Most states do not place such confusing statements on their ID as Pennsylvania does. Instead, they only identify REAL IDs by including a gold star in the top right hand corner of the ID. Here is a sample of a REAL ID issued by the Pennsylvania DMV:



We applaud Christine for her observation skills. She was already on alert since she was handling a sale for an absentee owner and she never let her guard down. She is being rewarded \$1,500 for her efforts. Keep up the good work Christine!

As a side note, to date, the Company has delivered \$245,000 in rewards to its employees who have successfully thwarted crimes in their own transactions.

Article provided by contributing author:

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ALL things "e"

In order to talk cyber, the world has had to create a new vernacular to describe new electronic documents and processes, especially those surrounding a real estate transaction, which has historically been paper intensive. Below are definitions to guide our readers through the 2020 articles about all things "e."

eClosing: The act of closing a mortgage loan electronically. This occurs through a secure electronic environment where some or all of the closing documents are executed and accessed online.

Electronic Notary: Electronic notarization is a process whereby a notary affixes an electronic signature and notary seal (where required) using a secure public key to an electronic document. Some states issue an eNotary commission in addition to a traditional notary commission.

eMortgage: A mortgage loan where the critical loan documentation, specifically the promissory note (e-note), is created electronically, executed electronically, transferred electronically and ultimately stored electronically. This often includes a wet-signed security instrument.

eNote: An e-note is another term for an e-mortgage. An eNote is an electronic version of what was traditionally a paper document. An eMortgage is created when an electronic promissory note is produced. An eClosing produces an eMortgage if the promissory note is signed electronically.

eVault: Provides the ability to accept, receive and securely store electronic mortgage documents post-closing and prior to investor delivery.

Hybrid closing: eClosing process where certain key documents (e.g., Note, Security Instrument) are printed to paper and traditionally wet-signed, while other documents throughout the process are signed electronically.

MISMO: The Mortgage Industry Standards Maintenance Organization (MISMO) is a not-for-profit, wholly owned subsidiary of the Mortgage Bankers Association responsible for developing standards for exchanging information and conducting business in the U.S. mortgage finance industry.

Remote Notary: A legally commissioned notary public who is authorized to conduct notarizations over the internet via digital tools and a live audio video call. All notaries, no matter how they perform their service, must watch as someone signs a document.

SMART Doc: An electronic document created to conform to a specification standardized by MISMO. A SMART Doc can lock together data and presentation in such a way that it can be system-validated to guarantee the integrity of the document. SMART is an acronym meant to explain the purpose of the document standard — to make documents securable, manageable, achievable, retrievable and transferable.

In next month's edition the **cyber buzz** article will feature "ACRONYMS and abbreviations in technology" to define many of the acronyms we hear and see daily in the workplace, as well as in our personal lives.

