



By Lisa A. Tyler  
*National Escrow Administrator*

At FNF we always want to keep our employees on guard and at the forefront of what is happening in the industry, especially when it comes to cybercrime. At all of the 2018 live onsite escrow training events, a local Federal Bureau of Investigation (FBI) Special Agent came to share information about how their agency is investigating cyberattacks by criminals and what steps can be taken to thwart these crimes. For details about what we learned read "FBI knocks out cyber fraud."

National Escrow Administration is regularly asked what options are available for a signer located in another country, in another state, in prison, a signer who is blind, unable to sign their name and/or other issues. As a result, last year we featured twelve articles on "PROPER document execution for recording and insuring" describing the available options. To keep the article top-of-mind for our readers, we have published a "RECAP" indicating the solutions provided in each edition.

Every few years our offices see a flurry of new orders where the buyer has made an all cash offer to purchase a home, the seller

accepts the offer and the principals attempt to open the new order with one of our offices. The problem is some of these orders are not legitimate because the buyer is attempting to purchase the property with fake monetary instruments, not even worth the paper they are written on. Recently several of our offices received a multi-million dollar order where the buyer deposits a Negotiable Banker's Acceptance to pay for the property. Read "MADDENING money of sovereign citizens" to see a sample of the fake instrument.

Throughout the year, we will publish examples of the values of title insurance. We will provide simple talking points which demonstrate the value, and even publish examples of claims submitted by owners. These examples will equip readers with useful information they can share with customers, consumers and even friends and family to explain what we do, where we work and how our industry protects ownership rights in America. This month's edition contains the "HISTORY of title insurance." It is a must read article.

## IN THIS ISSUE



**Share Fraud Insights**  
via email, mail or word of mouth.



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## **FBI** *knocks out cyber fraud*

**Cyber intrusions are becoming more commonplace, more dangerous and more sophisticated. Following the events of 9/11, the FBI dedicated 50% of their resources to terrorism and 50% to criminal fraud, including cybercrime. Cybercrime continues to challenge the FBI, as those involved are generally highly educated and experienced in computer intrusion. Moreover, the criminals typically work abroad to avoid capture and prosecution.**

The FBI trains agents in the different areas of cybercrime and works closely with industry experts to gain insight, including Fidelity National Title Group's Senior Vice President, Lisa Tyler. This collaboration helps the FBI and the industry to develop policy to prevent these devious acts from being perpetrated.

There are many types of cybercrimes involving money transfers, bank fraud and corporate fraud. One of the most common frauds currently seen by the FBI is down payment diversion. Down payment diversion happens when a fraudster successfully diverts a buyer's down payment to an account controlled by the fraudster.

Generally, fraudsters perpetrate the crime by gaining access to one or more of the personal email accounts used by a party to the transaction. The criminals, unbeknownst to the account holder, watch email communications and wait for the right time to strike. The fraudster may communicate with the intended victim directly from the compromised email account(s) or may set up a spoofed email account which closely resembles other transaction participant's legitimate email accounts.

The fraudster may create an email account with a slightly altered domain name, such as fnf.com rather than fnf.com, or may create a new email address that incorporates the correct account, but uses entirely a different domain name, such as settlement.fnf@mail.com.

In order to communicate directly out of the compromised email account, the fraudster may set up filters directing specific emails into a particular folder. With these filters established, fraudsters can control who reads and responds to those specific emails. For example, the fraudster may direct all emails from the escrow officer to the trash folder and timely delete those email messages once the fraudster has

responded to the email or used it in some manner to further the fraud scheme.

The fraudster may then use the information gained from those email communications to send a "spoofed" email to the buyer posing as either the buyer's real estate agent or the escrow officer. This email communication will eventually include "updated" wire instructions for the buyer to use for closing funds. These "updated" wire instructions direct funds either to a domestic money mule's account or even to an offshore account controlled by the fraudster in some manner.

This is why Fidelity National Financial Family of Companies has developed a Wire Safe Campaign to help educate consumers of this fraud scheme. As part of these efforts, an on-hold message informing real estate buyers that they are a target has been implemented. In addition, at the beginning of every transaction, settlement agents provide buyers with a Wire Safe Wire Fraud Alert Form, warning them of the down payment diversion scheme. Both the message and wire fraud alert form, instruct all buyers to verbally verify all wire instructions before sending any payment.

The FBI advised to always be on alert as most parties do not recognize they are emailing with a fraudster. Some helpful reminders are to hit "forward," rather than "reply to" when communicating via email, to ensure you are communicating with the proper contact on your files. Also, verify wire instructions via a known, trusted number obtained at the beginning of the transaction rather than using numbers obtained from email communications.

The FBI also alerted us to fraudsters setting up names of companies that appear to be associated with the closing company but are completely fake companies. The fraudster communicates with those involved in the transaction acting as if they are a subsidiary of the closing company or work on the closing company's behalf to collect payments. They dupe unsuspecting targets into directing funds to alternate bank accounts they control. A way to avoid this is a simple internet search to confirm the company is not associated with the closing company.

When it comes to fraudulent wire instructions, time is of the essence! Do not delay if you suspect a diverted wire. Contact the sending party via a

[Continued on pg 3]



**TELL US HOW YOU STOPPED FRAUD**

settlement@fnf.com or  
949.622.4425

## [FBI knocks out cyber fraud - continued]

known and trusted number to verify wire instructions. If the sender has sent a wire to a fraudsters account, have the sender contact their bank immediately to initiate a recall. Report any fraudulent wire instructions received by the Company's direct operation employees to management and [wirefraud@fnf.com](mailto:wirefraud@fnf.com) immediately.

The Fidelity National Financial Family of Companies, with lessons learned from the FBI, develops and implements policies to help protect all those involved in an escrow transaction. FNF constantly

strives to stay up-to-date on industry related crimes and then shares this knowledge through internal communications, trainings and *Fraud Insights*. If something in a transaction seems suspicious to you, never hesitate to contact [settlement@fnf.com](mailto:settlement@fnf.com).

### **This article was provided by contributing author:**

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## RECAP

In 2018, we provided twelve helpful articles to assist in the "PROPER document execution for recording and insuring." Below is a recap of the issues addressed in each article and in what monthly edition you can find them. However, in all instances, please confirm the notary laws in your state before proceeding with an atypical signing.

**January** – The Company's preference is documents are signed in the presence of an employee. If this is not possible, Bancserv is the preferred signing service to use.

**February** – It is acceptable for documents to be signed in the funding lender's office. The person acting as the notary needs to prove they are an employee of the funding lender.

**March** – Document signing can be conducted under the supervision of an actively licensed attorney. The attorney does not also have to serve as the commissioned notary.

**April** – Approved title issuing agents are able to conduct signings and are regularly used for signings in remote areas of the country.

**May** – If the signer requires a translator, they need to select the party they trust to translate the documents to them in sign language otherwise the signer and notary can communicate via a Telecommunications Device for the Deaf (TDD).

**June** – If the principal has no identification, their identity can be established under some states' notary statutes by the oaths of one or two credible witnesses. The notary public first must establish the identities of the credible witnesses by the presentation of paper identification documents.

**July** – Settlement agents often close transactions involving principals who may be actively serving in the U.S. Military and stationed abroad. The principal's commanding officer can act as the notary.

**August** – U.S. citizens and foreign nationals (anyone other than a citizen of the U.S.) who are outside the U.S. can have their closing documents acknowledged by a commissioned notary at a U.S. Embassy or Consulate.

**September** – If the principal is located in a foreign country that is a member of the Hague Convention and has adopted the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents, the principal can appear before any duly appointed notary and they will attach an Apostille as evidence of the acknowledgment.

**October** – If the country where the principal is located is not a member of the Hague Convention or has not subscribed to the convention of 5 October 1961, the principals may go to a duly appointed notary public in that country and the notary will attach a Certificate of Acknowledgment which must be authenticated by a judge.

**November** – If the signer is incarcerated the prison should have a commissioned notary on-staff to conduct the signing with the prisoner.

**December** – An attorney-in-fact cannot execute an occupancy affidavit nor re-direct proceeds to themselves.

## MADDENING *money of sovereign citizens*

The buyer finds a real estate agent who searches for multi-million dollar properties. The buyer looks until he finds "the one." He makes an offer to purchase the property for cash. The seller accepts and starts packing. An order is opened with a title company and then the buyer hand-delivers the following items:

- » Affidavit of Presentment
- » Negotiable Banker's Acceptance

- » Irrevocable Letter of Credit
- » Affidavit in Support of Irrevocable Letter of Credit
- » Affidavit in Support of Negotiable Banker's Acceptance
- » UCC1 Financing Statement
- » IRS Form 56 Notice Concerning Fiduciary Relationship

We will not bore you with all the mumbo jumbo, but all of these documents are nonsensical. They ramble on using real words and

[Continued on pg 4]

[MADDENING money of sovereign citizens - continued]

terms, but in the wrong context. Here is a copy of the Negotiable Banker's Acceptance:



See? It is not worth the paper it is written on, but who or why would anyone think it is? Sovereign citizens do. A “sovereign citizen” refers to a person who rejects any of our country’s government structure or authority. They consider themselves above the law. Yet, they regularly file documents with government agencies and our courts seeking to vindicate their common law rights.

## HISTORY of title insurance

**Owning land, also known as real property, in the U.S. has always been revered. Ownership comes with a lot of pride especially since for most people it is their greatest asset. Because real property is valuable, many people want to claim ownership. Through the centuries, however, a parcel of property may change hands dozens of times. At any point along the chain of ownership, problems may arise casting a “cloud” over a title, putting a claim of ownership in doubt.**

Early on, when a property was sold or transferred, conveyancers would establish the rights of title to a property based on public records searches. Conveyancers were typically not lawyers but they were recognized as an authority on real estate law. They would also search for any other rights, interests, liens or encumbrances that might exist with respect to the subject property.

Based on this search the conveyancer would provide a signed abstract of title to a potential buyer of the land even though title would not necessarily be cleared of any liens, rights or other

There are a lot of variations to their theories. For example, many sovereign citizens believe when the government abandoned the gold standard in the 1930s it substituted its citizen’s future earnings as collateral for the country’s debts to foreign investors. Some of them believe a secret United States Treasury account is set up for each citizen at birth which contains hundreds of thousands to millions of dollars. They claim each person has two identities: One as a “strawman” and another as a common law citizen who is not subject to the laws and regulations of our government.

Sovereign citizens use specific terms and legalese, but not in the correct context so their documents do not make any sense. They often believe by not capitalizing names and including “Bey” or “El Bey” in their name, such as in the example Negotiable Banker’s Acceptance, or by adding “©” after their name, they can avoid being prosecuted or charged with a crime. They believe they can lay claim to the secret account held by the United States Treasury by drawing off the account using Negotiable Banker’s Acceptance. Clearly they are wrong.

If you receive an order to purchase property using a Negotiable Banker’s Acceptance or similar document, immediately return the documents to the person who deposited them with you and resign from the transaction. This enables the seller to put their home back on the market for sale.

**This article was provided by contributing author:**

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encumbrances prior to conveying the property to new buyers or to a lender lending against the property. Since a conveyancer typically had limited resources and no insurance backing, the risk of losing a property due to unresolved issues was still significant. The need for title insurance arose from the fact that conveyancers did not provide adequate safety to the parties involved.

Next month’s issue will discuss the landmark lawsuit which changed this method and brought on the need for title insurance. You will not want to miss it!

